The Philippine Trade Act in the Light of History

BY

MANUEL V. GALLEGO, J.D.
SECRETARY OF INSTRUCTION

To my Colleague, Hon. Ricardo Nepomuceno, as a
token of our joint efforts to make the Roxas
Administration a lasting success.

Manila, January 1, 1947.

Manuel V. Gallego

The PHILIPPINE TRADE ACT in the LIGHT OF HISTORY

(An Objective Appraisal of the Parity Right from the Points of View of Economics, Finance, Law, and International Relations.)

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Secretary of Instruction

Manila, Philippines, November 30, 1946

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DEDICATION

Sincerely dedicated
to those who are desirous of analyzing
Parity Right
in the light of history founded
upon a realistic and practical
view of Philippine-Ame-
rican relations.

PREFACE

PRES. QUEZON

"We have faith in the high purposes and noble spirit of the American people and their Government. . . . For weal or for woe, in victory or in defeat, we cast our fate with America and the great principles she is striving to uphold." (November, 1941).

PRES. OSMEÑA

"We have Filipino-American collaboration not for ten, twenty or fifty years, but for all time — for as long as there is such a thing as Filipino democracy, which is the fruition on this side of the Pacific of American democracy." (September 9, 1945).

PRES. ROXAS

"But we have yet a greater bulwark today, — the friendship and devotion of America. That friendship is the greatest ornament of our independence, raises us far above the level of our intrinsic power and prestige." (July 4, 1946).

The end of the most destructive war in history found the Philippines ravaged and her economy totally ruined. The United States Congress, realizing the need of prompt assistance to our country, has passed the Philippine Rehabilitation Act and the Philippine Trade Act, the former to give immediate aid to those who suffered loss of or damage to their property, and the latter to provide an opportunity for the Philippines to reconsruct her economy to a point where she could be strictly on her own as an independent nation. The President and the Congress of the Philippines have indorsed both Acts and have taken the necessary measures to comply with one of the provisions of the Trade Act. This provision requires the grant of parity rights to American citizens in the exploitation of our natural resources and in the operation of public utilities.

Since the grant of such rights is not allowed by the present provisions of our Constitution, our Congress has passed legislation in the form of the so-called Parity Bill, providing for the necessary amendment to the Constitution. The amendment, which has aroused a sharp division of public opinion, will be submitted to the people in a plebiscite on March 11, 1947.

On a matter that so vitally concerns the welfare of the country it would seem a civil obligation on the part of the educated elements to inform, enlighten, and even instruct the masses to the end that they may be able to vote on the question intelligently. As head of an Executive Department of our Government which, through its various offices, is charged with the instruction of the people, I have felt that such a duty peculiarly devolves upon me. This monograph has therefore been prepared as a contribution toward the information of the masses on this public issue. I claim no special qualifications to enlighten our people on the question. It would be false modesty on my part, however, to fail to state that I had the good fortune to be present in Washington, D. C., at the time the Trade and War Damage Acts were being considered by the United States Congress and that I followed closely the discussion and hearings on these legislations until their approval by President Truman on April 30, 1946. My stay in Europe as a Delegate to the First Assembly of the United Nations likewise gave me an opportunity to acquire familiarity with the

problems of rehabilitation and reconstruction of devastated countries, which enabled me to take a broader view of our own problems in the Philippines.

The contents of this monograph include my honest opinions and conclusions, as omission of these would be a dereliction of what I believe is an obligation on my part. If I had attempted an appraisal of the question with a pre-conceived bias prompted by pure sentiments or impractical idealism I would have utterly failed to arrive at sane conclusions. My conclusions were, therefore, reached through a cold, objective analysis of the entire question from the points of view of history, finance, law, economics, and international relations. Our country has passed through stormy vicissitudes of fortune comparatively safe and sound because of her practical statesmen and patriots of the past, and the present question, which vitally affects the future of our people, needs the voice of leaders of the same calibre.

November 30, 1946.

Manuel V. Gallego
Secretary of Instruction

Manila, Philippines

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Introduction

The proposed amendment to our Constitution granting parity rights to American citizens will be submitted to the will of the people in a plebiscite next March, and it is proof of our faith in democratic principles that the question is now being thoroughly discussed in all circles and walks of life. Perhaps never before in the history of our country have we been called upon to decide a matter more vitally affecting our welfare. For this reason, it is essential that the question be viewed from all angles and, to make possible sane conclusions, judged on a non-partisan basis. And it would be difficult for one to arrive at sensible conclusions unless he is made familiar with the history of the question, particularly the vital considerations that gave rise to it.

The history of the parity rights is linked with that of other legislations by the United States Congress, such as the War Damage Act and other laws, bills, rules, regulations, and even treaties affecting Philippine-American political, economic, military, and cultural relations. Under the provisions of the War Damage Act, the release of the war damage funds is premised not only upon the acceptance of the Trade Act by the Filipinos but also upon the fact that the release will be made on an installment basis for a period of about five years as intended by the authors of the same. No one can deny that both the Philippine Trade Bill and the War Damage Act were approved almost simultaneously by the United States Congress during the past Administration of the Philippine Government, whose constitutional representatives in Washington took active part in the deliberations not only over both legislations but over all others affecting the Philippines. In view of the fact that the past Administration was partly if not wholly responsible for the Trade Act, those at the helm of the State at present could have easily repudiated this legislation in the same way that, about 12 years ago, one political faction in the Philippines repudiated the Hare-Hawes-Cutting Bill after it had been sup-

ported by different political leaders of the party in power. It would have been a natural step to take if the merits or demerits of the Trade Act were viewed from a partisan standpoint. But the present Administration chose to adopt an honorable, broad, and practical attitude where the welfare of the people is vitally concerned. It did not reject the Act but accepted it after realizing the preponderance of the advantages over the disadvantages of its provisions. There is no question that the Act is not the best legislation that could have been secured. Had we had more time to discuss the Philippine Trade Bill while it was pending before the United States Congress, a better bill would probably have been the result; but for reasons beyond our control, and perhaps for political expediency, it was deemed necessary by the past Administration to expedite the approval of all laws affecting Philippine-American relations. And now that our country has been granted political independence, it would seem an improper and unwise step on the part of our new-born Republic to begin its international relations with the United States, to whom we owe so much, by a flat repudiation of the American parity rights. Any open denial of the parity rights would be tantamount to repudiating a formal and official commitment of the past Administration which amounts to an international treaty and obligation. It may not look well for the Philippines to show a proneness to disregard international commitments so soon after a war that was fought precisely to defend the sanctity of international agreements. As a criterion, therefore, in analyzing and judging the various provisions of the Philippine Trade Act, we should consider the commitment made by the past Administration representing the country at the time, and the sentiments prevailing in the United States just prior to its approval by the United States Congress.

The Philippines was still under the American flag in the international sense at the outbreak of the Pacific phase of the Second World War. In that sense, therefore, we were nationals of the United States fighting for the defense of the United States flag. In fact, our army had been incorporated into the United States Army at the outbreak of hostilities. Unfortunately, by reason of our geographical location our country was a logical target of the enemy and our people suffered and sustained more loss of life and material damage than America herself. The American public is convinced that if there is any

obligation at all on the part of United States to pay war damages to the Filipinos it is certainly a moral obligation rather than legal. Of course, there is no doubt about the obligation of Japan to pay us reparations, but it is a settled international practice based upon humanitarian doctrines that a defeated country cannot be compelled to pay damages resulting from a war of aggression to the extent of reducing her people to starvation. In other words, the reparations that can be obtained from Japan probably will be based on the living standards of her people and on her ability to pay. Until now, in spite of our independent existence, we have no international status to present our claims directly to Japan and we must necessarily do it through the intervention of the United States. It is for this reason that we cannot dispense with the assistance of the United States in laying our reparation claims against Japan amounting to several billion pesos.

We should not lose sight of the fact that the amount of ₱1,240,000,000 to be disposed of by the United States Government in favor of the Philippines was strongly objected to by a considerable number of the members of the United States Congress on the ground that such an enormous appropriation of public funds would be a deprivation of the United States of her own funds which should be distributed in the form of pork barrel or in some other form among the different States of the Union. It was contended that the sum should be spent for the interest of the American people and not for the exclusive benefit of the Filipinos. No one can deny the force of this argument, but the overwhelming majority of the members of the United States Congress, prompted by sympathy towards the Filipino people, did not hesitate to appropriate such an enormous amount of public funds as contemplated in the War Damage Act.

It is entirely possible that, without giving American capitalists an opportunity to develop our natural resources on a parity basis, the Philippines can in time rehabilitate herself; but there is no question that without the help of American capital our rehabilitation and reconstruction program will be much delayed. If we wish to be supernationalists we can reject the entry of foreign capital for the development of our natural resources when we have no sufficient capital of our own for the purpose. But if we wish to solve our economic difficulties as soon as possible and forestall possible chaos in

the next few years, the only right course of action would be to reconstruct our war-torn economy within the shortest possible time with the aid of American capital. When the time comes that we can stand on our own feet economically, militarily, and otherwise, then we could sever our economic ties with the United States for then and only then can we rest assured that we can survive as a nation. And it is to give us an opportunity and time to build up our economy on a sound basis that the Philippine Trade Act provides a maximum period of 28 years of trade relations with the United States.

It is argued by those who oppose the Parity Bill that it is one-sided or unilateral in nature in that it allows American citizens to exploit our natural resources and invest in public utilities here while Filipino citizens are not granted similar rights in the United States. The weakness of this argument lies in the fact that the Philippine Trade Act contains many other provisions which place citizens of both countries on the same footing but which will operate to the advantage of the Philippines over the United States. They have also forgotten that it is the product of a meeting of minds over a long, complicated, difficult situation; the work of persons who have tackled the problems of future Philippine-American trade relations with the sincerest of motives, guided only by the earnest desire to do what is right for both the Philippines and the United States in a realistic and practical way. The Philippine Trade Act contains a free-trade policy which is hailed as a "two-way street." Its prime purpose is to rehabilitate the economy of the Philippines with a view to bringing about the maximum as well as the earliest possible restoration of a two-way trade between the two countries. In the words of former Commissioner Romulo, "It is not a perfect piece of legislation, but it is a good, sound, practical piece of legislation. It is a bill that will breathe new life into an economy near death." Speaking before the United States Congress, he also said: "If I had written it, the bill would make no reference to the changes that must be made in the Constitution of the Philippines before it goes into effect. x x x But I did not write this bill. Nor is it drawn up for a world where all our dreams have come true. It is legislation for reality. And because it is a realistic approach to the realities of our time, I am for it."

It is further argued that the grant of equal rights and privileges to American citizens and business corporations under the Parity Bill would give rise to a similar request from other countries especially from the other members of the United Nations Organization, such as China, Russia, Great Britain, and others. This line of reasoning is almost puerile. No other country would presume it has a right to ask for similar rights, knowing what the United States has done for the Philippines, how the two countries are closely related by reason of political, economic, military and cultural ties. The grant of parity rights is merely one of the many provisions of a measure which on the whole is intended to rehabilitate a devastated country and to tide it over the critical times facing its independent existence.

It would be but natural for us to grant American citizens at least temporary parity rights which are not accorded other foreign nationals, for it is hard to regard Americans in our midst as foreigners. America stood by us when our country was invaded. American soldiers fought side by side with Filipinos in a vain attempt to prevent the landing of the enemy, but the mother country with all her military might came back to liberate us from the invader. Only our faith in America maintained the morale of the Filipinos during the darkest days of enemy occupation. Fil-American ties, cemented by the blood of both peoples, cannot therefore be terminated by a single stroke of legislation that gave our country political independence. As Ambassador McNutt has rightly said, "In this very land, side by side, Americans lie with their Filipino brothers. The bullets which struck them down made no distinction between them. The sacrifices that they made bear no label of nationality. The same patriotism swelled in their bosoms, the same faith and the same creed. They march together today in solid ranks and they implore us to carry on their work, to perpetuate their purpose and to complete the victory which they so dearly won." This is perhaps why the Philippines, where the American flag has been lowered after 48 years of unselfish trusteeship, is now more attached spiritually than ever before to her erstwhile mother country.

We must not forget even for a moment that the parity provision is not the only provision of the Philippine Trade Act on equal rights. The parity provision has its counterpart in

the proviso extending to the Philippines the most-favored nations policy whereby the United States grants the Philippines trade preferences not conceded to any other country, and "all the countries of the world with which the United States does business fully understand the necessity for making such a distinction in favor of the Philippines," as Congressman Mills has expressed it. In justifying the exception under quota limitations, Congressman Mills states: "We have extended to them a preference which we extended to no other people in the world under this bill. Nobody else gets this benefit. They got more than all the rest of the world put together, including Cuba. Why then do we impose the quota? We impose the quota to limit the preference which we are giving the Philippines, and is clearly understood as such. The quota provisions contained in the bill are not incompatible with the theory of the reciprocal trade agreement policy or the most-favored nations policy. It is not, therefore, incompatible for one who strongly believes in that philosophy and who opposes quotas upon imports into the United States to vote for this bill." There is no question, therefore, that the Philippine Trade Act, notwithstanding its parity clause in favor of Americans, cannot but be understood as bilateral in nature, reciprocal in character, and equitable in essence if we consider and interpret its provisions not singly but collectively and if we realize the ultimate advantages the measure as a whole offers in the interest of our economy and international security.

The Framework of the Philippine Trade Act

The Chairman of the Committee on Ways and Means of the House of Representatives of the United States Congress, to whom the Philippine Trade Bill (H. R. 5856) was referred, reported it favorably on March 26, 1946. In its report, the objective of the bill was stated as follows:

> The primary objective of this bill is the establishment of mutually advantageous trade relations between the United States and the Republic of the Philippines for a period of 28 years following the latter's independence on July 4, 1946. It is designed to provide incentives for the rehabilitation and development of the productive capacity of the war-ravaged islands and to provide stability to future commerce between the two countries. The principal matters dealt with are:

1. Customs duties on a reciprocal basis, preferential as against all other countries.
2. Establishment of quotas on the imports of certain Philippine products.
3. Reciprocal nondiscriminatory treatment in the field of taxes.
4. Adjustments in the immigration laws of both countries to meet the pressing needs of the immediate future.
5. Protection of United States citizens and American business enterprises, regardless of form, against discriminatory treatment.

To accomplish the above objective, the bill (1) authorizes an executive agreement with the Philippines, whereby both countries accept specific provisions set forth in the bill, and (2) provides a method under which the statutes necessary to put these specific provisions into effect will be enforced as of the time of the taking effect of the agreement, and (3) provides statutes to govern the period between the date of the enactment of the act and July 4, 1946.

The principal provisions of the Philippine Trade Bill summarized as follows:

1. Tariffs and quota restrictions

Duty-free trade.—All commodities qualifying as "Philippine articles" are provided free entry under the pending bill in the period from the day after enactment of this act to July 3, 1954. Trade in the principal products imported from the Philippines during that period will be limited by quotas. All commodities not "Philippine articles" as defined are subject to the full world duty throughout the period of the entire agreement.

Graduated duties. — Beginning July 4, 1954, all commodities imported into the United States from the Philippines qualifying as "Philippine articles," with the exceptions noted below, will become subject to graduated duties. In general, these duties are a percentage of the lowest United States duty accorded to any nation (now Cuba), increasing by 5 per cent annually until they have reached 100 per cent. After July 3, 1974, the duty on all imports from the Philippines will be the regular world rate.

Quota restrictions on imports. — Beginning with the calendar year 1946 and extending throughout the life of the agreement (July 3, 1974), the following absolute quotas are imposed on "Philippine articles" which make up the bulk of Philippine exports to the United States:

Sugar	long tons	850,000
Cordage	pounds	6,000,000
Rice	do	1,040,000
Cigars		200,000,000
Scrap and filler tobacco	pounds	6,500,000
Coconut oil	long tons	200,000
Pearl buttons	gross	850,000

During the period from July 4, 1954, to July 3, 1974, imports of sugar, cordage, and rice, if "Philippine articles," will get the benefit of the graduated duties.

Duty-free quotas. — In addition to the foregoing absolute quotas, diminishing duty-free quotas are imposed by the bill on cigars, scrap and filler tobacco, coconut oil and pearl buttons. From the effective date of the act through 1954, the quantities permitted entry, referred to above, will be free of duty, if "Philippine articles." Beginning with the calendar year 1955 and extending to 1974, duty-free quotas reduced 5 per cent annually from the basic absolute quotas will be in effect. During this period, imports in excess of the duty-free quotas will be subject to the full United States duty, that is, the lowest duty accorded to any foreign country(now Cuba), rather than upon a graduated percentage thereof.

Additional quotas may be imposed. — In order to insure against substantial future competition, the pending bill provides that the President may impose quotas on other "Philippine articles" if, after investigation by the United States Tariff Commission, it is found that such articles are coming or are likely to come into substantial competition with like articles produced in the United States.

2. Nondiscriminatory tax treatment by each country with respect to imports received from the other.

3. Assurances by the Philippines that American citizens or business enterprises, regardless of the form of such enterprise, operating in the Philippines, shall not be discriminated against in the development and utilization of natural resources and public utilities.

4. Authorization of an executive agreement to be entered into between the Presidents, respectively, of the United States and the Philippines to take effect upon its acceptance by the Congress of the Philippines of legislation necessary to put into effect the provisions of parts 2, 3, 4, and 5 of title III (Obligations of the Philippines) as laws on the Philippines.

5. Termination of the agreement on July 3, 1974.

6. Termination of such agreement by the other country for any reason on 5 years' notice; or upon 6 months' notice if either party adopts or applies measures or practices which would operate to nullify or impair any right or obligation provided for in such agreement.

7. Termination of the agreement by the President of the United States if the President determines that a reasonable time has elapsed for any necessary amendments to the Philippine Constitution to have been made but that such amendments have not been made.

8. Provisions in the agreement under which, if the President finds that the Philippines are in any manner discriminating against citizens of the United States or any form of United States business enterprise, the United States may suspend the agreement in whole or in part and, if the discrimination does not cease, may terminate the agreement.

9. Termination of the authority of the President of the United States to enter into the agreement when he has determined and proclaimed that a reasonable time has elapsed without action taken by the Philippines to enter into, accept, and place such agreement in effect.

10. While sugar legislation by itself is not within the jurisdiction of the Ways and Means Committee, the establishment in the bill of a sugar quota of 850,000 long tons is recognition of the need to give every possible encouragement to the expansion of domestic sugar production. In effect, the quota in the pending bill is a step in this direction, reducing the quota under existing levels by about 11 per cent.

Inasmuch as under the terms of the Tydings-McDuffie Law as amended, full tariff duties will be levied against Philippine products entering the United States after July 4, 1946, the immediate prospects of our major industries would be gloomy indeed in the absence of special legislation which would continue free trade until such time as our industries are able to meet open competition in the world markets. The President of the United States realizing the need of continuing the Philippine-American trade relations and the necesity of assisting the Philippines promptly recommended the early consideration of the Philippine Trade Bill. In the course of the different hearings held by the Committee, it was also made clear that in order to reestablish a normal economy and to develop resources for sustaining Philippine Independence, assurance of stability in our trade relations with the United States is needed and, the United States in turn, in order to render the greatest possible assistance to the Islands, requires equal assurances from the Philippines. These important considerations influenced greatly the approval of the bill.

The framers of the Philippine Trade Bill believe that the rehabilitation and development of the Philippine economy and natural resources, and the establishment of a solid foundation for its industries, call not only for new capital, which the Filipinos do not have, but also for men experienced in business management and possessed of technical skill. There is no doubt that the Philippines must look for this capital and technical assistance to the United States. But American capital and business enterprise could be attracted to the Islands only with assurances that their rights will be protected. So in order to furnish these assurances two provisions were included in the

Bill. The first calls for an amendment to the Philippine Constitution granting to the citizens of the United States the same rights as Filipino citizens in the exploitation of our natural resources and in engaging in public utilities. The second is a clause in the proposed agreement between the United States and the Philippines whereby the President of the United States reserves the right to suspend or terminate the agreement if he finds out that American citizens are being discriminated against by the Philippine Government.

Termination of Agreement

Under subsection (a) of Section 404 of the Act, the Trade Agreement is to terminate on July 3, 1974. However, provisions are included as to its suspension or sooner termination. Under subsection (b) (1) of the same Section, the agreement may be terminated by either party at any time with or without cause upon not less than five years, notice. And under its subsection (b) (2), if the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in such agreement, then the agreement may be terminated upon not less than 6 months' notice.

Termination by United States for Failure to Amend Constitution

Under subsection (c) (1) of Section 404, if the President of the United States determines that a reasonable time for the making of the amendment to the Constitution of the Philippines referred to in Section 402 (b) has elapsed, but that such agreement has not been made, he shall so proclaim and the executive agreement shall have no effect after the date of such proclamation.

Suspension or Termination for Descrimination

Subsection (c) (2) of Section 404 provides that if the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the Philippines are in any manner discriminating against citizens

of the United States or any form of the United States business enterprise, then the United States shall have the right to suspend the effectiveness of the whole or any portion of the agreement.

Subsection (c) (3) of the same Section provides that if the President, after such consultation, finds that the discrimination has ceased, then the suspension shall end, but if he finds that the discrimination has not ceased after a time determined by him to be reasonable then the United States shall have the right to terminate the agreement upon not less than 6 months' notice.

These provisions making possible the premature termination of the agreement evidently indicate the fear on the part of the United States Congress that American capital invested here might be discriminated against. Parity rights was therefore asked as a guaranty against discrimination, and no one can deny that it is the only effective guaranty.

Relation of the Philippine Trade Bill with the Philippine Rehabilitation Act

Critics of the Parity Bill assert and would have the public believe that the Rehabilitation Act has nothing to do with the Philippine Trade Act and that the rehabilitation of the Philippines can proceed without the granting of the parity rights called for in the Philippine Trade Act. Such a misconception can only arise from ignorance of the background of both laws or unfamiliarity with their provisions. It is to be recalled that, although the Philippine Rehabilitation Act was presented earlier in the United States Congress in point of time, they were nevertheless considered as twin bills since the discussion and hearings on one were almost simultaneous with those of the other in both Houses of Congress and their respective dates of approval are the same. The Philippine Rehabilitation Act and the Philippine Trade Act of 1946 were approved on April 30, 1946, or seven days after the Presidential Election in the Philippines had taken place, although they were passed by both Houses of the United States Congress several days before the election. It is likewise to be remembered that sometime in December, 1945, when Commissioner Romulo was urging the immediate approval

of the Philippine Rehabilitation Act, (S. 1610, U. S. Congress) before the holiday recess of the United States Congress, Congressman Jasper Bell, as Chairman of the Committee on Insular Affairs, issued a press release of the following tenor:

> "It is the general understanding among those who have studied the Philippine problem and wish to do everything possible to permit the United States to discharge its moral obligations to the Philippines, which will become independent on July 4, 1946, that the first hurdle to cross is that dealing with trade relations. Without the bill as the cornerstone or basis for later action, rehabilitation can never be achieved."

He also expressed the hope that the Committee on Ways and Means would be able to act favorably on a trade relations bill soon after the recess had ended.

The above statement of Congressman Bell revealed the intention of the United States Congress to tie up the release of the War Damage Funds with the Philippine Trade Act, making one legislation contingent on the other. The tie-up between the two laws was made definite in Section 601 of the Philippine Rehabilitation Act, which provides among other things that no payment of damages in excess of $500 shall be made until an executive agreement shall have been entered into between the President of the United States and the President of the Philippines providing for the trade relations between the United States and the Philippines under the terms and conditions specified in the Philippine Trade Act. It is therefore obvious that the Trade Act is legally intertwined with the War Damage Act. Moreover, it can be shown that the former is unavoidably linked with the complex political, economic, military, and other relations between the Philippines and the United States, contrary to other assertions made by critics of the Parity Bill.

Effects the Trade Act will have upon the General Welfare of the Country

The main purpose of the Philippine Trade Act is not merely to reestablish for a certain period such commercial relations between the Philippines and the United States as would be mutually beneficial to both countries. Its larger and more urgent objective is to rehabilitate and speed up the economic development of our country afer a devastating war. Although

it is true that, without the Trade Act, the Philippines could impose full tariff rates on American goods entering the Philippines should the United States establish a similar tariff wall against Philippine goods, it cannot be denied that under such an arrangement the Philippines, at least in the next several years, would be the loser. With all our major industries prostrate, it will be years before we can send goods to other countries in quantities equal to our pre-war exportation, and during that time the balance of trade would be heavily against us. It will therefore be readily seen that the sudden cessation of free trade with the United States would be decidedly to our disadvantage. Yet, for the present, with or without trade preferences, our country must import goods, particularly prime commodities and construction materials so necessary to our rehabilitation. But if we impose tariff duties on American goods, in all probability, instead of their being exported to the Philippines, they would all be sent to other countries, especially to devastated Asiatic and European countries that are far more in need at present of prime commodities and construction materials than the Philippines. Naturally, those countries would welcome any quantity of goods coming from the United States. They might go to the extent of admitting American goods free of duty to solve their main problem — that of getting sufficient foodstuffs, clothing, and construction materials for their immediate needs during the next several years.

It would be well to throw further light on the precarious condition of our national economy. Those of us who have followed the uncertain fortunes of our economic progress are aware that the average yearly exports to the United States during the few years before the outbreak of the war amounted to no less than ₱200,000,000, about one-half of which represented sugar. A partial report of our Reparations Commission reveals that the estimated war damages on agriculture alone amount to about ₱280,000,000 exclusive of the sugar centrals, the damage to which is no less than ₱75,000,000 representing sugar centrals both partially and totally damaged. The present plight of the sugar industry is similar to a greater or less extent of the coconut, hemp, tobacco and other minor industries, all of which need capital, machineries, and equipment for their rehabilitation and reconstruction. As has been indicated in the preceding paragraph, should the Philippine

Government impose tariff duties on imported agricultural machineries, especially those that are urgently needed for the reconstruction of sugar centrals, or should the United States be in any way dissatisfied with our economic policy, she may refuse to send us the machineries so badly needed both for our agricultural rehabilitation and industrial development. The whole world is in great and urgent demand of all sorts of machineries, agricultural, industrial and commercial, almost all of which are now manufactured only in the United States, and in the absence of trade relations satisfactory to both the Philippines and the United States the latter would give preference to other countries willing to offer her trade advantages. It would then be impossible for us to rebuild our war-torn economy within the shortest possible time — an objective over which there can be no disagreement.

Under the Trade Act, however, we are allowed to import from the United States as much prime commodities and construction materials as we need, while other countries are actually begging from the United States for the same articles and commodities. At the same time, major Philippine exports to the United States under the quotas fixed in the Act, are entitled to free entry for at least 8 years. In this connection, it should also be stated that under the Act all other Philippine articles may be exported to the United States without limitation or quota provided that they come under the definition of Philippine articles specified in the Act.

Our country therefore now finds itself in a situation where she must proceed on a give-and-take basis. And we must face one of life's cold realities — that in a give-and-take situation, the one who asks first is the first to give.

Reasons in Favor of Parity Right

To form a sensible view of the question of granting parity rights to Americans, one must take a realistic attitude. Many and varied are the arguments that can be advanced in favor of the parity rights proposal, each argument based on a sane and practical view of the question. Among these are the following:

The primary consideration on which this legislation on American parity rights is founded, as advanced by the propo-

nents of the same, has been stated as follows: "It is necessary to give an inducement to American capital and American citizens to return to the Philippine Islands and rebuild their industry and economy. It is very definite that there must be some rebuilding. The question is, Who shall do it? Is there any source other than America from which capital may be obtained? If so, would such a source be desirable? Should private enterprise be furthered in the Philippine Islands? The answers to these questions support the position of the proponents of this bill and the individuals who have brought it to Congress and asked its enactment."

The permanent reinvestment of American capital in the exploitation of our natural resources and in our public utilities would be a guarantee of protection from the Armed Forces of the United States in case of international conflict where the Philippines is involved, since these investments would justify intervention for the protection of both interests.

It is generally admitted that neither our Government nor the Filipino businessmen possess sufficient capital for the immediate and rapid development and exploitation of our natural resources. Employment of foreign capital is therefore the alternative, in which case, we should look to the United States rather than to China, Russia, or some other country for the source of investment in the Philippines.

It is estimated that no less than 100,000 Filipinos are now residing both in Hawaii and the United States, most of whom, especially those that immigrated to Hawaii, are laborers. Filipino labor continues to flow to Hawaii in search of better living. The investment of more American capital in the Philippines would simply mean more jobs for Filipino laborers, as well as higher wages and better living conditions for them since at least 60 per cent of all the capital employed in the exploitation and development of natural resources goes to labor. It is the laboring class that will be most benefited by the exploitation of our natural resources by American capital.

Still fresh in the memory of the Filipinos is the fact that the return of the Americans, after several years of the enemy occupation of the Philippines, saved the lives of thousands of Filipinos who would have been killed by the Japanese directly or indirectly. For no one can deny the wholesale massacres

that were perpetrated by the Japanese, especially after the landing and occupation of Leyte, and the fact that thousands were dying of starvation and pestilence during the last months preceding the liberation. No one among us can soon forget the valuable assistance rendered by the PCAU during the period of the liberation, the multiple forms of aid given by U.S. Army units to starving and homeless civilians, to the schools, etc. Finally, let it not be forgotten that 38,000 American soldiers lie buried in Philippine soil as a price of the liberation of the Philippines. It is therefore a matter of simple gratitude for us to allow the Americans to continue to stay in the Philippines granting them at same time, if they so desire, the right to invest capital in the development of our natural resourses and in our public utilities.

Inasmuch as native capital in the years to come, alone and without the aid of American capital, cannot develop and exploit the sources of raw materials indispensable to basic industries needed by a Philippine economy that would enable us to stand on our feet at all times, it would be the height of selfishness and shortsightedness, it would be absurd national economic policy, to close our doors to the entry of sympathetic, helpful, enterprising, and adequate American capital that would make possible the rapid development of our natural resources for the benefit of both countries.

Even in times of peace, the investment of enormous capital in the exploitation of certain natural resources, such as mineral deposits, is an extremely risky business, as has been found out by those who have had experience in mining ventures during the mining boom in the Philippines between the years 1935-1937. It has been said that to develop properly a gold mining claim, another gold mine is necessary, and even then the succes of the venture is always in doubt. Filipino capital as a rule is timid and would not go into risky ventures. American capital, by reason of its volume, can afford to take greater risks, such as are attendant in mining investments.

Filipinos and Americans alike admit that the Philippine Trade Act is not a perfect piece of legislation and that many of its features are objected to by Americans and Filipinos alike. Even those who had a hand in the drafting of the Act admit that if time was not an essential element in its passage, it

could have been improved to the satisfaction of all concerned. Nevertheless, the fact remains that the Philippine Trade Act is a compromise measure and a worthwhile piece of practical legislation born out of a sincere desire on the part of its authors to benefit both peoples. In the words of United Nations representative Romulo: "To us of the Philippines, the passage of the Philippine Trade Bill marks the dawn of a new era, in which we emerge from the shadow of death and destruction and enter into the unfolding day of opportunity and confidence."

PART II

THE LEGAL ASPECT OF THE PARITY RIGHT

Constitutional Limitations

Historians tell us that by the Treaty of Paris on December 10, 1898, which terminated the Spanish-American War, the United States paid to Spain the sum of $20,000,000 as a consideration for the transfer of sovereignty over the Philippines in favor of America. In other words, by virtue of such treaty, the title of ownership over the Philippines was transferred to the United States and, therefore, that country became the absolute owner of the whole Philippine Archipelago as described in the Treaty. Since the date of that transfer of ownership up to the birth of our Republic on July 4, 1946, about 48 long years had passed during which period of time American citizens had all the opportunity to subdivide among themselves all the important agricultural, mineral, forest, water and other natural resources of our country. During such period of time, American citizens had also all the opportunity to engage in and control every kind of business in the Philippines, including the public utilities. However, neither the United States Government nor the American citizens took any such steps to exploit to an unlimited extent the natural resources of our country. On the contrary, the United States Congress enacted the Philippine Organic Act of July 1, 1902, otherwise known as the Philippine Bill, which in its Sections 13 and 15 expressly and clearly provided such limitations and restrictions in the disposition of our agricultural, timber and mineral lands as would prevent the concentration of these resources either in the hands of business enterprises and corporations or in the hands of private individuals, be they Americans or Filipinos. Thus, in the case of public agricultural lands, this law provided that no corporation or association of persons could acquire more than 1024 hectares, and that no sale to an individual should exceed 16 hectares. In the case of mineral lands, these were reserved from sale except as otherwise directed by law through what were known as mineral patents. By subsequent legislation, however, not even patents for mineral lands were allowed to

be issued. Instead, the so-called Regalian Doctrine was adopted in the Philippines by virtue of which the claimants of mineral lands enjoy only the usufruct, possession and use of the same but do not acquire the title thereto. In the case of forest lands, these were not to be sold in favor of any private individual or corporation, but at most could only be leased, subject to such laws, rules and regulations as might be prescribed by the Philippine Government from time to time.

If the idea of the United States had been to dedicate herself to a systematic, wholesale or selfish exploitation of our natural resources, the best and most propitious time for her to have done so was the period between the date of the conclusion of the Treaty of Peace in December, 1898, and the enactment of the Independence Law in March, 1934. It is significant to note that both the Philippine Bill of 1902 and the subsequent Organic Act for the Philippine Islands, otherwise known as the Jones Law, were enacted by the United States Congress which certainly had all the powers and opportunities to insert in said laws liberal provisions relative to the alienation of our natural resources, especially of our public lands. The United States Congress could have allowed, through those laws, private individuals or corporations to acquire thousands of hectares of our agricultural, forest and mineral lands. But the American Congress did nothing of the kind. Instead, it imposed multiple restrictions in the disposition of our natural resources which it certainly knew then might be onerous, if not detrimental, to Americans who would want to engage in large-scale business in the Philippines. We should ponder on these facts.

In this connection, I wish to recall an important incident in the history of Philippine-American relations and let that incident speak for itself. Students of political history no doubt still remember the governmental crisis that marked the administration of Governor Wood in the Philippines because of serious attempts on his part to curtail Philippine autonomy as contemplated in the Jones Law. Immediately after his inauguration as Governor General of the Philippines, General Wood proposed certain changes in our land laws so as to enable trusts and corporations to acquire immense tracts of Philippine lands and thereby endanger the well-being of future generations of our people. He attempted moreover to get the government out

of business enterprises so essential to the economic development of the Philippines. To quote President Quezon who protested energetically against the general policy advocated by Governor Wood:

> "He (Wood) sought to transfer the management of the Railroad under government ownership, which was paying good dividends to White and Company, a private American concern. Fortunately for us, the opposition was so great and so widespread that his designs were not consummated.
>
> "He (Wood) attempted to close our Philippine National Bank so essential to our agricultural, industrial and commercial well-being as well as to our national defense. Filipinos and some Americans frustrated his destructive policy. Fortunately for our future welfare, he has so far failed to achieve his purpose.
>
> "He (Wood) favors the change of our present land laws so as to enable trusts and corporations to acquire immense tracts of Philippine lands, thus endangering the well-being of future generations of the inhabitants of the Philippines."

Our public land laws were considered by certain Americans as an insurmountable barrier to the economic development of the Islands. The opinion was prevalent among American businessmen that American capital could be profitably invested in the Islands only if our land laws were amended to allow corporations to acquire at least 100,000 acres of land. General Wood, taking into account the natural disinclination of the Filipino leaders, not to say of the Filipino people, to see large tracts of Philippine public lands in the hands of foreigners, suggested that the Public Land Act be amended so as to allow corporations to obtain by lease not more than 50,000 acres of land for a period of twenty-five years. He sponsored twice a bill to this effect, and twice it was rejected by our Legislature. The principal clause of the bill read as follows:

> "That for reforestation purposes by means of rubber, camphor, quinine and other similar tree plantations, the Governor-General... may proclaim special forest reserves not to exceed 20,000 hectares, authorizing the director of forestry, with the approval of the department head, to enter into agreement for the plantation and utilization of such products under the same terms and conditions as are prescribed for the leasing by corporations of the blocks of 2,500 acres of public domain."

The Filipino leaders in the days of General Wood valiantly resisted every attempt the latter made not only to change our land laws but also to transfer all the government business ventures referred to above to private persons, because of their

natural fear that, inasmuch as the Filipinos did not have sufficient capital with which to finance the different business enterprises in the hands of the government, these would finally fall into the hands of American capitalists. In such an eventuality, the investment of American capital in the Islands would have assumed a more or less permanent character to the detriment of our struggle for independence.

It is worth-while to give, by way of an example of the stringency of our land laws, the possibility of establishing rubber plantations in the Philippines. It is said that there are in our country 1,500,000 acres of rubber lands which, if properly developed, would furnish the American people a considerable amount of the rubber they need and which at present they purchase from the Straits Settlements and the Dutch East Indies. The main reason our rubber industry has not, as yet, received the impetus which otherwise it should have received in the past, is the restriction in our Public Land Act limiting the acquisition of public lands in the Philippines by a corporation to the extent of only 1,024 hectares or 2,500 acres. American capitalists and investors believe that this limitation discourages American rubber growers. Apropos of this, it may be said that the production of rubber in the Philippines has already passed the experimental stage, for there is no doubt that it can be economically grown in this country, particularly in the greater portions of the islands of Mindanao, Basilan, Sulu and Tawi-tawi. It is estimated by experts of the United States Department of Agriculture that the Philippines can produce at least 1/5 of the total rubber supply needed by the United States.

We should not forget that the United States consumes a larger quantity of crude rubber than all other foreign countries combined. Her consumption of this product in 1931 represented more than 52% of the total world consumption for that year. The growth in her imports of crude rubber during recent years was chiefly the result of the increase in her production and use of automobiles. She could not turn to the Philippines for any appreciable part of these imports by reason of the limitations contained in our Public Land Act. She had to depend upon other countries instead. To give the public even a slight idea of the extent of the rubber plantations controlled by American interests in other countries, let me cite the case

of the Ford Motor Company, which owns a 5,000,000-acre rubber concession in the Amazon Valley.

Since the days of General Wood in the Philippines, the times have changed. I will say that they have changed much in our favor, for now we enjoy our political independence, now no foreign country can impose upon us, and now there are more restrictions than heretofore in our existing laws as regards the disposition of our natural resources. Moreover, we can profit from the past experience of other countries in the protection of our national heritage, if this should ever be threatened by aliens and intruders.

As was to be expected, the wise framers of the Constitution of our Commonwealth, adopting a conservative and nationalistic policy, not only incorporated in said fundamental law the restrictions and limitations contained in the previous organic acts applicable to the Philippines which had been enacted by the United States Congress, but even went further by inserting therein new restrictions and limitations. Article XIII of this Constitution, for instance, which has reference to the conservation and utilization of natural resources, prescribes that, as a rule, only Filipinos can exploit these resources. Other provisions under the same article prescribe limitations in the holding of private agricultural lands. Still another provision empowers the State to operate and establish industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the government. And not only these. The Constitution likewise empowers the Philippine Government to repeal, alter or modify any existing business franchise. These constitutional provisions constitute the Sword of Damocles which can certainly be utilized by the Government at any time if there should be danger — which I do not anticipate — of any improper, undue or unreasonable exploitation of our natural resources by American citizens and corporations.

In order to restrict further the concentration of lands in the hands of big companies or trust, our corporation Law prohibits corporations not dealing in real estate to retain for a period of more than 5 years lands which they have acquired in the due course of their business. In other words, they are com-

pelled to dispose of such real estate within five years. In the case of certain public lands, the period of lease provided for by the Constitution is 25 years, which is even less in duration than the period of 28 years fixed in the Philippine Trade Act. We have also anti-trust laws in the Philippines which impose restrictions on holdings of mining and agricultural companies.

Furthermore, nobody can question the right of the Congress of the Philippines, in the exercise of its inherent power, to impose new and further restrictions and limitations, whether reasonable or unreasonable, to prevent foreign American capital from being unduly invested in the Philippines. What is more, the very provisions of the Philippine Trade Act, not only do not prohibit, but on the contrary expressly grant, to the Philippine Government the right to terminate the Philippine-American Trade relations upon previous five-year notice without any cause whatsoever or for any cause, and also grant to the American Government the right to terminate such relations upon six-month notice in case the Philippine Government approves any measure which descriminates against the United States or is prejudicial to American interests. The Philippine Government may likewise impose in any of the multiple treaties contemplated between the two Governments such restrictions and limitations as may be necessary from time to time.

Charges are made in some quarters that the acceptance of the Parity Bill by the Filipinos would place the natural resources of our country into the hands of America and thus convert our Republic into another "puppet" state. This criticism naturally reminds us of a certain provision of the Constitution of the so-called "puppet" Philippine Republic established here during the enemy occupation. I refer specifically to Section 7, Article XI, of the Constitution of that Republic whereby the President was authorized to enter into an agreement with any foreign country (meaning Japan) for the utilization of the natural resources of the Philippines and the operation of her public utilities. In this connection, I may state that, whereas during the enemy occupation the then Philippine Republic placed the natural resources of the Philippines in the hands of the enemy for the purpose of collaborating with him and thus eventually overthrowing the sovereignty of the United

States in the Philippines, now, if the parity bill is approved, our Government will merely give American capital an opportunity to develop our natural resources, certainly not for the purpose of collaborating with an enemy, but of helping an ally rehabilitate our own country, and thus establishing a joint venture in a very worthy cause. As between collaborating with the enemy and collaborating with a friend of long standing, let alone a liberator of our people, the choice is not hard to make.

Economic Parity as Distinguished from Political Parity

Critics of the parity rights as contemplated in the Philippine Trade Bill try to make us believe that our political independence is only nominal in character and that this sovereign state of ours is an "American Puppet Republic." Such erroneous assertion leads us to make a careful analysis of our political existence. It is an undeniable fact that even during the Commonwealth period, American citizens ceased, as a general rule, to exercise political rights in the Philippines, principal of which is the right of suffrage or the right to vote. Since then American citizens could neither vote nor be elected to any public office. It is true, however, that during the Commonwealth period, the United States Government reserved for itself powers on certain matters, such as the right of the the Supreme Court of the United States to hear certain cases appealed to it from the Supreme Court of the Philippines, the right of the President of the United States to suspend certain laws, contracts or acts of the Philippine Government, and the prohibition imposed upon the Philippine Government to deal on matters affecting currency and foreign relations. These were restrictions imposed upon the Commonwealth regime, but with the advent of the Republic of the Philippines, all of them were practically removed or abolished. Consequently, we are in a better position now than ever before to control the exploitation, development or utilization of our natural resources and business, as well as our relations with foreign countries.

Now let me ask this question: If, at a time when the United States could exercise political control over our domestic and foreign affairs; when she could enact laws binding on us, to modify or abrogate the laws we passed in case these were

prejudicial to American interests; and when she could at any time regulate or dictate the exploitation and disposition of our natural resources, she did not in any way wield, much less abuse, such arbitrary powers, is it reasonable to believe that she will do so now that we have supreme authority in all the departments of our government and can exercise that authority in guiding the political, economic, cultural, social, and even military destiny of our country? I repeat: Is it fair, not to say friendly and prudent, to fear the exploitation of our country by the United States of America?

The opponents of parity rights for Americans present to the public a gloomy picture of our future economic independence and, at the same time, will make us believe that even without such rights the rehabilitation of the Philippines is possible. And yet they cannot tell us how such rehabilitation is possible, nor can they give us any substitute measure, if they have any in mind. All that many of them are prone to do is to recite narrow and archaic concepts of nationalism, portray imaginary dangers, or otherwise excite our racial passions and emotions, the while they ignore the realities of our present economic situation.

Rome was not built in a day — and neither was it built without means or money or materials. If we are to reconstruct and rebuild our country, we must perforce have these things. And above all, we must have faith, courage, and vision.

Post-War Security of Philippine Independence

There are those who fear that, if American citizens and corporations were allowed to exploit our natural resources on the same basis as Filipino citizens, this precious land of ours, for which our ancestors fought many a time to resist foreign aggression would no longer remain the heritage of our children and of our children's children, as it would eventually fall into the hands of American financial dictators. They seem to have forgotten that what is more important and essential than any other consideration to every Filipino at this precarious moment of our history is the guarantee of post-war security for an independent Philippines.

At present, survival as an independent Republic has three guarantees: First, through Resolution No. 93 of the United

States Congress, the previous administration agreed to turn over to the United States certain military, naval, and air bases in the Philippines "for the mutual protection of the Philippines and the United States"; and, as a corrollary to this basic agreement, other treaties may be concluded in the future between the two countries, especifically designating these bases and providing other terms and conditions necessary to clarify the rights, duties, and obligations of the contracting parties. Second, the Philippines is a member of the United Nations Organization, the main purpose of which is to guarantee permanent world peace and security. Membership in the United Nations Organization, as those who understand the working of that body must know, implies partial relinquishment of national sovereignty. In other words, a member nation, whether it be big or small, has to surrender some of its rights in the interest of world peace. In order to enjoy collective protection and security, therefore, the Philippines has to surrender certain attributes of sovereignty which, in a more selfishly organized world, would be considered indispensable to an independent existence. Third, the permanent investment of American capital in this country which would compel the United States to defend her interests here in case of any eventuality, and by so doing, Philippine interests will necessarily be included.

History has also repeatedly shown that the strong nations have always triumphed over the weak. That is the immutable law of nature. The Philippines, therefore, cannot afford to live in isolation if she is to survive. For both military and economic purposes, she has to ally herself with a more powerful nation. And can she find a better ally than the United States? She is the greatest power that the world has ever known, and we have sufficient proofs of her generosity, sence of justice, enormous wealth, and military strength.

All the great wars and battles in history even before the birth of Christ have always been fought between groups of people or between allied powers. Consider these outstanding examples in the World History:

(a) The PELOPONNESIAN WARS (431-404 B.C.) were fought between the Athenian League on one side and Sparta and her allies on the other. The surrender of Athens made possible the hegemony of Sparta.

(b) In all the PUNIC WARS (264-241 B.C.) (218-201 B.C.) (149-146 B.C.) Rome and her allies fought against Carthage and others, until Carthage had to abandon all claims to Sicily.

(c) In the PERSIAN WARS (500-449 B.C.) the participants were Persia and her allies against the Hellenic League with Athens finally gaining control of the Aegean Sea.

(d) The HUNDRED YEARS WAR (1346-1453 A.D.) was fought by France and her allies against England and her allies, with the English losing all her possessions in the Continent except Calais.

(e) Throughout the Thirty YEARS WAR (1618-1648 A.D.) which ended with the Peace of Westphalia, the Protestant countries allied themselves against the Catholics.

(f) The SEVEN YEARS WAR (1756-1763) in which France, Austria, Russia and Sweden allied themselves against England, Prussia, Hannover and others, resulted in the peace of Hubertsburg, whereby the Hohenzollerns triumphed over the Hapsburgs.

(g) The NAPOLEONIC WARS (1799-1814) the second phase of which was fought between Great Britain and her allies on one hand and France on the other; and the third phase of which, between Great Britain and her allies and France and Spain on the other — the Napoleonic Wars had for its object the restoration of the balance of power.

(h) The FRANCO-PRUSSIAN WAR (1870-1871) in which France fought Prussia and the southern German States resulted in the Treaty of Frankfort-on-Main.

(i) The BALKAN WARS (1912-1913) in which the participants were Bulgaria and her allies as against the Ottoman Empire, resulted in the division of Macedonia among the Balkan allies.

(j) WORLD WAR I (1914-1918) in which the participants were Austria, Germany, Hungary, Bulgaria and Turkey as against France, Russia, Great Britain, U. S., Japan, Italy, China, and others, had a result well-known to every body.

(k) WORLD WAR II (1939-1945) fought between the Axis Powers — Germany, Italy, Japan, and their allies — on one hand and the Anti-Axis Powers — the U. S., United King-

dom, U.S.S.R., China, France, and others, including the Philippines — ended in the overwhelming victory of the Anti-Axis Powers.

If we are to be guided by the lessons of history in our choice of an ally, to insure our survival as a nation, then it cannot be other than the United States, our tutor in the democratic way of life, our partner in the material development of our country, our ally in times of national emergency, and our protector in case of any eventuality.

PART III

THE PARITY RIGHT IN RELATION WITH AMERICAN CAPITAL

American Capital in the Philippines

Comparison of the enormous American investments in other countries with those in the Philippines ought to make the Philippine public realize that the flow of American capital all over the globe depends, upon many interrelated facts, circumstances, and conditions such as preferential free trade, tariff agreements, spheres of influence, or other artificial devices for the promotion of economic ties.

Now, let us analyze American investments in the Philippines. Prior to the passage of the Tydings-McDuffie Law in 1934, they amounted to $197,890,000, itemized as follows:

(a)	Manufacturing industries	$ 8,732,000
(b)	Public utilities:	
	(1) Transportation (garage & buss lines)	1,634,000
	(2) Illuminating gas	4,735,000
	(3) Telephones	2,220,000
	(4) Electric light plant	19,347,000
	(5) Ice plant	39,000
(c)	Merchandizing enterprises	38,383,000
(d)	Business enterprises (real estate including plantations, subdivisions, etc.	7,399,000
(e)	Banks	502,000
(f)	Building & Loan Associations	439,000
(g)	Moving-Pictures theatres	135,000
(h)	Engineering, contracting, stevedoring, newspapers, hotels	3,115,000
(i)	Lumbering and sawmills	6,000,000
(j)	Sugar centrals	30,000,000
(k)	Sugar refineries	210,000
(l)	Religious organizations	893,000
(m)	Philippine Government bonds	65,472,000
(n)	Philippine Railway Co. bonds	7,384,000
(o)	Manila Railway Co. bonds	953,000
	Total	$197,890,000

(a) Just before the outbreak of World War II, the total American investment here was only ₱537,069,000. About

₱200,000,000 of this amount represented direct investments in sugar, coconut, and abaca industries; mining, lumber, and logging operations, as well as transportation and other public utilities.

(b) This was only 33% of the $800,000,000 or ₱1,600,000,000 invested by Americans in the Far East.

(c) This was only 10% of the total foreign capital in Southeast Asia.

(d) About 60% of the total foreign investments in the Philippines is American.

(e) Foreign investments in the Philippines was only about 1/9 of the total foreign investments in the Netherlands Indies which amounted to $2,264,000,000.

(f) The average income of the United States investments in the Philippines during the last four years before the war was about $12,500,000 or ₱25,000,000 or less than the average United States Government expenditure here during the same period.

(g) The overseas pre-war trade of the United States with the Philippines was only between 2% and 3% of her total trade, while the ratio of the United States trade with the Philippines to that with the Orient as a whole was from 10% to 13%. Although the overseas trade of the United States with the Philippines was insignificant compared with her total overseas trade, yet the Philippines is a potential field for increased consumption of American goods.

(h) Experience tells us that, ordinarily, the so-called permanent American investment abroad has always been in the form of bonds or direct loans of American capitalists to the governments of the different countries. Before the outbreak of the war for example, the Bureau of Insular Affairs in Washington reported that the estimated American holdings of Philippine bonds invested in the different public improvements, such as, irrigation and other public works bonds, Manila Sewer and Water works bonds, the Provincial bonds, amounted to 114 million pesos. In other works, with or without any parity bill, America capitalists have been able to invest in public utilities here whenever they have so desired.

These figures should make it clear that the total American investment in the Philippines is certainly insignificant

compared with that in Canada, in Europe, or in most of the Latin American countries, which are all politically independent of the United States. The practical reasons for these comparatively small American investments in the Philippines are many and obvious. Among these reasons are:

(1) The distance of the Philippines from the United States is considered by the Americans themselves as the principal determining factor that has prevented American businessmen from exploiting our natural resources. Those who had the opportunity of going to, or staying in, the United States years before the outbreak of the Second World War, know that, to an ordinary American, the Philippines is an unknown country; and, to those who know something or have heard about the Philippines, showed little or no interest at all in it. As a matter of fact, only a few members of the United States Congress were interested in the fate of the Filipinos for many years after the Spanish-American War. It was only the constant agitations of our political leaders in America that awakened interest among the members of the United States Congress and the succeeding Presidents of the United States in the political and economic status of the Philippines and its relation with the United States.

The Philippines is about 7,500 miles from the western coast of the United States and 10,000 miles from Washington, D.C., the capital of the United States. Hence, it is easy to see why American businessmen have been reluctant to make heavy investments in the Philippines and why they have invested so heavily in Canada, which may, therefore, be called facetiously the first object of American economic expansion.

There is quite another reason than their proximity to the mainland of the United States, however, for the heavy American investment in the Carribean countries and in the South American Republics; and that reason is political. It is the application of the so-called Monroe Doctrine, warning the outside world, especially the European countries, not to meddle in the affairs of the Central and South American Republics, which are presumably under the political custody of the United States.

That is not the case with regards to the Philippines. If you trace the history of American investment in the Philippines you cannot but notice that nearly all Americans who have been interested in investing their capital in the Philippines have been

old-timers, who began with practically nothing as businessmen but who, because of hard work, determination, and a firm desire to spend the rest of their lives in the Philippines, have succeeded in business enterprises or in the exploitation of our natural resources. Some of them have eventually amassed a fortune of several million pesos. In other words, except in a few cases, big American businessmen and prominent American financiers from the mainland, have never come to the Philippines to make heavy investments.

(2) The restrictive land laws of the Philippines, promulgated by the United States Congress itself during the early days of the American regime, have been followed consistently by the Philippine Congress.

(3) The great risk involved in long-term American investments in the Philippines, due to the uncertainty of the Philippine political status up to the passage of the Independence Act.

(4) The passage of the Tydings-McDuffie Independence Law and the subsequent approval of the Philippine Constitution, which contains provisions, embodying the policy of exclusion and nationalism.

(5) The lessons of the past world wars, which showed the impossibility of protecting the Philippines from foreign aggression.

These and other reasons will continue to prevent the heavy investment of American capital in the Philippines, because of the temporary character of the trade agreement between the Philippines and the United States embodied in the Philippine Trade Act, which provides that either government may terminate this agreement for a period of five years, with or without cause, or for a period of six months, in case one country approves discriminatory measures against the other.

As a consequence of the last World War and the subsequent occupation of the Philippines by the enemy for three and a half years, the conservative estimate of those who have made the study of war damages in the Philippines is that at least 50% of the total pre-war American investment in the Philippines for the exploitation of the natural resources of this country, has been lost. This 50% loss would be about one-half of the ₱200,000,000 or ₱100,000,000 invested in our natural resources and public utilities, which represents the maximum amount of Amer-

ican investments in the Philippines. Since American capital in the Philippines earned only 8% interest a year, it would take at least 6 years to recover this loss, aside from an equal amount of replacement capital. If we also bear in mind that in the years before the war, the United States spent in the Philippines for the maintenance of the Army and Navy alone more than the average income of all American investments in the Philippines, we would readily see that America earned very little, if any, for exploiting the natural resources and for maintaining public utilities of this country.

Past Exploitation of the Natural Resources of the Philippines by America

The critics of the Parity Bill want the public to understand that, with the approval of the proposed amendment to the Philippine Constitution giving American citizens and businessmen equal rights with Filipino citizens in the exploitation of our natural resources, the day would not be far distant when the patrimony of the nation would not only be pledged in favor of America; the future of generations yet unborn would be endangered. However, they fail to support this theoretical, idealistic, and conjectural argument with facts and figures. It is for this reason that we will prove the contrary from a realistic and practical point of view.

According to the best available information, American investment in the Philippines before the outbreak of the war (1940) in agriculture was ₱21,600,000; in mining, ₱74,200,000; in lumber, ₱13,300,000; in public utilities, such as electric light and power, ₱46,200,000, transportation, ₱38,200,000, and telephone system, ₱7,400,000, or a total of ₱91,800,000. Adding together the above items it would give a grand total of ₱200,900,000 only. This comparatively insignificant amount, we must consider further, was invested over a period of almost 40 years. And throughout that period, we were under the American flag and therefore under the mercy and absolute control of American capitalists, who had full access to our natural resources.

Now, if the Americans did not exploit our natural resources to the fullest extent when they were in power here, it is difficult to conceive why they should do so now — as the critics

of the Philippine Trade Act seem to think they would. If at all, the Philippine Government or the Filipinos themselves should even urge American capital to exploit some of our mineral resources, the existence of which in commercial scale is still problematical.

For instance, we may, under certain conditions, allow well known and reputable American companies to develop our iron, coal mines, and petroleum deposites to a limited extent and within a certain period of time. For one thing, with so little capital at our disposal, we cannot afford to take risks. We have to be prudent. The most sensible thing that our businessmen and our Government can do is to associate themselves with American capitalists, even if, at the beginning, they hold only a small share in the venture — with the stipulation, of course, that they should be given a chance eventually to become its owners or the holders of its controlling interests. Such an arrangement is neither novel, nor impractical. Precedents have been set by similar arrangements between American business firms and certain countries of Latin America.

It is also worth noting that the ₱200,900,000 invested by Americans in the exploitation of our natural resources and in public utilities before the war was about the same as the total Chinese investment during the same period — which, according to the calculations of the Chinese Consul-General himself, was around ₱201,000,000. And this was despite the fact that the Chinese never enjoyed any parity right under the laws of the Philippines. If we take into account further that the total investment of the Japanese here was around ₱100,000,000; that of the Spaniards, ₱71,000,000; and that of other aliens, around ₱180,000,000 — together adding up to ₱351,000,000 — we can readily realize that many other factors than the granting of parity rights to foreigners have entered into the foreign exploitation of our natural resources.

What is true of the Philippines is true of all other countries of the world. Until now, only dreamers and idealists are convinced that a country, whether independent or otherwise, can live in isolation. Only dreamers and idealists believe in super nationalism or hold extreme nationalistic ideas. As has been pointed out, "No man and no nation is an island, but a

part of the main, and there is no longer any East and West — only individuals and nations making those momentous choices which are the hinges upon which history revolves."

Balance of Account in Favor of the Philippines and Against the United States.—

President Quezon, sometime in 1909, was one of those who objected to the Philippine-American free trade, on the ground that, when political emancipation came — as it was bound to come — the artificial free trade relations between this country and the United States would make it hard for us to sever our connection with America and to obtain our independence. He is even reported to have sponsored the resolution of the Philippine Assembly addressed to the President and to the Congress of the United States opposing the plan. He is supposed to have said:

> "I opposed the free trade, because I foresaw that the establishment of special economic ties between America and the Philippines was going to make it difficult for us to dispense with America and establish our own independence. There was a period after we had lost the Spanish market, when our foreign trade was well distributed in the Orient and Europe. It was my conviction that it was wiser to continue developing our trade in the world's markets than to submit to special trade relations with America." (Philippines Herald, August 18, 1934).

But when the Philippine Independence Bill was discussed before the United States Congress sometime in 1932-33, it was the Americans who were convinced that the Filipinos were reaping greater benefit from the free trade relations than the Americans. That is why they were eager to give us Independence.

When the Hare-Hawes-Cutting Bill was under discussion, Congressman Thruston tried to show that since the Philippines was more a liability than an asset to the United States, it should be gotten rid of. Congressman Thurston said:

> "About six years ago, the then President, Mr. Coolidge, in a message vetoing an act of the Philippine Assembly, stated that tariff preferences to the extent of $30,000,000 to $35,000,000 were annually extended to those people and that the cost of maintaining our civil establishment, supplemented by the military and the naval branches of our Government, cost our Treasury an additional $10,000,000 a year, so that our people and our Treasury at that time were contributing about $50,000,000 a year in favor of the people who inhabit these islands. So in these days when we talk about endeavor-

ing to balance our Budget and to give preference to our own people, we should have in mind the statement made by the President at that time.

"If you will examine the trade relations between the islands and the homeland, you will find that for each year for the past 10 years the Philippine people have had a trade balance in their favor and against us in an amount of $60,000,000 to $90,000,000 annually."

This shows that because of the trade preference extended to the Philippines by the United States, the balance of trade in our favor, and the maintenance of the civil government here, the balance of account has been in favor of the Philippines, running up to no less than ₱200,000,000 a year. This amount was equal to the maximum American investment in the Philippines for the purpose of exploiting our natural resources and public utilities.

Filipinos in American Territories versus Americans in the Philippines.

According to best available information, there were only around 7,000 U. S. citizens in the Philippine Government, Bureau of Civil Service, during the early years of the American regime. By the time the Commonwealth Government was established, this number had dwindled to only several hundred. According to the 1939 Census, there were 8,709 civilians in the Philippines, and from 20 to 25 thousand American troops were stationed here in the different United States Army and Navy posts. On the other hand, it is estimated that at present there are about 50,000 Filipinos in the United States and no less than 50,000 in Hawaii.

It cannot be denied that nearly all the Filipinos in Hawaii and Continental United States are neither students nor professionals but laborers, whose average individual monthly income cannot be less than $100 a month. The total yearly income of the 100,000 Filipinos in the American territories, therefore, would be around $120,000,000 or ₱240,000,000. This is much larger than the total capital invested by American citizens in the Philippines for the exploitation of our agricultural lands, mineral and forest resources, and in public utilities, during the 48 years of American rule.

At least part of the income of the Filipinos abroad is sent to the Philippines. It is said that the Filipinos in Hawaii have saved $40,000,000. On the other hand, officers and men in the United States Army stationed in the Philippines have been spending here at least the greater portion of their salaries amounting to millions of dollars a year. If we add to this the salary and expenditures in the Philippines of the future permanent personnel of the United States Army and Navy as well as the value of the war equipment and materials, we can easily realize that their total expenditures will be much larger than the future capital investments of America in the Philippines if and when they make use of their rights under the Parity Bill. We should not forget either that, in all probability, America will be employing, either in Japan or in the Philippines, about 50,000 Filipino boys in the United States Army, Navy, and Air Forces. The total yearly salary of these boys will very likely be more than the yearly investment of American businessmen in the Philippines during the period that the Trade Bill will be in force.

Then, too, at the outbreak of World War II when there were 8,709 Americans in the Philippines, there were also at least 30,000 Japanese, 117,487 Chinese and 4,627 Spaniards. That the discrepancy between the number of Filipinos making a living in United States territories and the number of United States citizens (members of the armed forces as well as civilians) living in the Philippines is enormous and is in favor of the Filipinos, should make it clear to everyone that the Filipinos have always had, and will always have, the advantage in their relations with America.

By January 31, 1946, the United States Army had circulated in the Philippines around ₱826,553,800 in Victory notes, coins, and Treasury certificates. Most of this money passed into the hands of Filipinos in payment for goods or services rendered. This amount representing the total expenditures of the U.S. armed forces in the Philippines during the first 12 months after the liberation, is at least four times as great as the ₱200,000,000 that American capitalists invested in this country for 40 years before the war in the exploitation of its natural resources and in public utilities.

According to the latest data available, the United States Army and Navy alone spent in July, 1946, around ₱20,000,000 on Filipino labor. This means a yearly outlay for Filipino labor of ₱240,000,000, a sum considerably larger than the total investment of American businessmen in the Philippines in our natural resources and public utilities throughout the American regime.

It is estimated that the United States investments in the Philippines have been yielding an average income of around ₱25,000,000 a year, or less than the United States Government expenditures here. In other words, the income of all American investments in the Philippines is exceeded by the total yearly expenditures. If we add to this the expenses incurred by the United States in 1941 for the defense of the Philippines, which surpassed the total American investments in the Philippines; if we add further the different aids in the form of cash and prime commodities extended to the Philippines by the United States after liberation; and we add still further the different items of the appropriation contained in the War Damage Act, as well as the benefits of the free trade to be derived from the operation of the Philippine Trade Act — if we take all these things into consideration — we would not but come to the conclusion that, in the long run, the balance of account is exceptionally favorable to the Philippine national economy, not to mention the immediate effects upon our rehabilitation and reconstruction.

Those who have looked into the economic history of the Philippines during the American regime for the past 48 years, know about the business activities of the individual Americans who have stayed here, and who ventured to develop our natural resources, be they agricultural, forest, or mineral. The few Americans who acquired extensive agricultural lands in their names and subsequently acquired titles to them, have, with very few exceptions, disposed of their holdings; so that their former estates are now in the hands of, or subdivided among Filipinos. The same more or less may be said of the few Americans who ventured in the development of our mining and forest resources. They began to invest their savings years ago; but it was only recently that they reaped the fruits of their original investment, and only after surmounting seemingly insurmountable dif-

ficulties. I know personally many Americans who have failed in their different ventures, especially in mining business, and a limited few who have succeeded in the same venture after years of patient waiting.

In the exploitation of natural resources, especially mining, lumber, and agriculture, and in the maintenance of public utilities, the laboring class always gets a substantial benefit — usually more than 50% of the operating expenses being in the form of wages. And, in the future exploitation of our natural resources by American companies and businessmen, Filipino labor is bound to be employed. This will help solve the unemployment problem which now faces our country.

If the Philippine Government or Filipino capital will join hands with the Americans as expected in case the Parity Bill is approved, it is safe to assert that the greater portion of the profit will redound to the benefit of the Philippines.

Several months ago, the United States Congress appropriated the sum of $200,000,000 or ₱400,000,000 for the benefit of the Philippine War Veterans under the National Service Life Insurance Act of 1940, as amended, and under the laws administered by the U.S. Veterans Administration providing for the payment of pensions on account of disability or death incurred while in the service. This amount alone, it may be pointed out, is double the maximum total American investment in the Philippines prior to the war in natural resources and public utilities.

We should not forget either that the United States Congress has recently enacted a law, providing for the naturalization of Filipinos residing in the United States under certain terms and conditions. A considerable number of the 100,000 Filipinos in the United States and Hawaii may take advantage of this law.

Frank Waring, Chairman of the Philippine War Damage Commission has made clearly in one of his public statements that the different sums appropriated by the United States Congress with which to pay war damages to the Philippines as contemplated in the Philippine Rehabilitation Act were taken from the pockets of American taxpayers. These various sums, totalling $620,000,000 or ₱1,240,000,000, are:

(a) $100,000,000 or ₱200,000,000 surplus property the original book value of which is about 6 times that much.

(b) \$120,000,000 or ₱240,000,000 for the restoration and improvement of public property and essential public services.

(c) \$400,000,000 or ₱800,000,000 and such additional sum as my still be needed for payment of war damages.

This table shows conclusively that the sum total of the American investment in the Philippines dwindles into insignificance in comparison with each of the appropriations intended to benefit the Philippines. And these items do not include the UNRRA relief, worth millions of dollars sent by the United States of America to the Filipinos during the period from the days of our liberation to and even after the inauguration of our Republic.

AMERICAN CAPITAL IN OTHER COUNTRIES

American Capital In times of peace.—

The investment of American capital all over the world is as old as the history of American economic expansion and progress. In most cases, this investment has been welcomed; in other cases, it has been solicited; and, at times it has been inevitable. But in every instance, the investment of American capital in any foreign country has contributed to the economic progress of that country. This has been especially true whenever American capital is invested in a new, unexplored, and undeveloped territory or country.

An examination of the nature and scope of American capital points to the conclusion that it has penetrated and is now found in almost all countries of the world, regardless of geographical location. This investment has been either permanent or temporary; directly or indirectly; friendly or hostile countries; in times of peace or in times of war; in the distant past, at present or in the future; with or without parity rights enjoyed by American citizens and business concerns.

Leading all other nations, the United States had twenty-five billion of dollars invested abroad in 1927. This huge in-

vestment consisted of obligations of European and other governments to the United States, commercial credits, and other business enterprises. The war loans after the first World War to 16 European countries constituted the largest single item of American foreign assets. In the words of John Carter,

> "The range of the American dollar is best illustrated by the character of our investment in 1927:
>
> "We lend money to public utility, railroad and industrial enterprises in Canada. We finance machinery companies in Germany and Japan; steel companies in Germany and Luxemburg, Bulgaria and Rumania; plantation companies in the Dutch East Indies; oil companies in Australia and the Dutch East Indies; banks and financial institutions in Austria and Germany, Holland and Hungary, Colombia and Australia; hydro-electric companies in Germany and Italy, Norway and Japan; railways in Belgium and Argentina, Chile and Colombia; department stores in Germany and Great Britain; street railways in Germany; rubber and oil concerns in Bolivia; rubber and mining companies in Brazil; textile companies in Germany; automobile companies in France and Italy. We acquire telephone concerns in Austria and Brazil, Chile and Uruguay. We buy public utilities in Brazil; land in Panama and Guatamala. We secure oil concessions in Colombia and Venezuela and rubber concessions in Brazil. We buy real estate in Cuba. We finance steamship companies in Great Britain and France, Germany and Italy; sugar companies in Mexico; and even lend money to banks in Iceland." (Conquest by John Carter, pp. 234-235).

American capital has been invested in hostile as well as friendly countries. For example, way back in 1931, American investments in Germany amounted to $1,420,957,000; in Italy, to $401,140,000; in Japan, to $426,000,000 — each amounting to much more than the maximum investments of the United States in the Philippines throughout the American regime.

The United States foreign investments (1940 figures) show the following results:—

Total foreign investments $10,141,000,000 100%

Latin America:

Cuba	$614,200,000
Chile	592,000,000
Argentina	573,500,000
Brazil	492,100,000

Mexico	355,200,000		
Venezuela	262,000,000		
Colombia	233,100,000		
Peru	136,900,000	3,853,580,000	38%
Canada and Newfoundland		3,447,940,000	34%
Europe		1,296,790,000	19%
Asia, Africa and Australia		912,690,000	9%

It is to be noted that the heaviest investment of American capital is found in Latin America, especially Chile, Argentina, Brazil, Venezuela and Colombia. In fact, nearly every Latin American country now has a Commission of Inter-American Development, the primary purpose of which is to prepare projects to attract American capital. The Joint Mexican-American Commission for Economic Cooperation has approved projects which, in Mexico alone, would require a capital expenditure of some $400,000,000. The U.S.-Foreign Economic Administration has recently compiled, at the request of China, a list of some mining, manufacturing, and other 1,000 projects, involving an investment of approximately $1,000,000,000. The Chinese Government itself has ten-year post-war program calling for a total layout of $4,000,000,000.

A brief survey of the world economic situation points to the conclusion that no longer can surplus-capital countries such as the United States, Great Britain, France, the Netherlands, Belgium, and Sweeden, invest in undeveloped territories and suck out all their resources. Economic imperialism which used to be prevalent once upon a time, is everywhere either dying or already dead, for the simple reason that the industrially backward countries resent it. "What they want now — and what they should have — is a partnership of their local capital with foreign capital in the risks and profits of new enterprises on their soil."

Profiting from the experience of other non-industrialized, and undeveloped countries, the Philippines should welcome foreign capital especially American capital, to a limited extent. Either the Philippine Government or local capital may at first form a minority interest with American capital. The Philippine Government or the Filipino businessmen, however, should

reserve their right to buy more and more shares, and even acquire the controlling interests after a lapse of time.

We believe that such a policy would be the best for our purpose under present circumstances. In certain industries, the Government itself may embark in the development of our natural resources but not in mining ventures in which the element of risk is great and the danger of loss has to be reckoned with. In would not seem advisable either for the Philippine Government alone, which is heavily indebted, or for the Filipino businessmen who are only beginning to venture in an extension program of industrialization, to embark in such a risky enterprise.

American Capital in times of War.—

The American Ambassador Paul V. McNutt, in an eloquent address at the Armistice Day celebration several days ago on the participation of the United States of America in the last World War, forcefully pointed out that she spent a total of $450,000,000,000, in support of the allied cause, for the defense not only of American interests, but also "of human interests, of which American interests are a part." I may add that she also included the defense of Philippine interests. Mr. McNutt also said, "The four hundred and fifty billion dollars ($450,000,000,000) of the expenditures have left a reminder in the form of a public debt of three hundred billion dollars ($300,000,000,000), a debt of approximately two thousand dollars for every man, woman and child in America. Every child brought into the world in the United States becomes automatically heir to this staggering debt, to this obligation, which must eventually be paid.

"Yet the United States is called the wealthiest nation in the world... rich, yes, in debts... rich in obligations. Still the world looks to the United States... the nation loaded with mountainous debt... for help, for loans, for gifts, for food, for support. Our children and our grandchildren will still be paying for this war. The United States has assumed a still unreckoned obligation of two hundred billion dollars for the care of its veterans — that obligation will be spread over fifty years."

This is of course, only one way of saying that the United States of America practically financed the Second World War for the defense of all freedom and democratic-loving people throughout the world. And now that the war is over, not only the Philippines but also the whole world still look to America "for help, for loans, for gifts, for food, and for support."

It is also interesting to know that the Philippine Islands has contributed almost nothing to finance the last war; and, now that it is over and won, we are participating in the fruits of the victory of America and her Allies. Consequently, the temporary parity rights which we are proposing to grant to American citizens in the Philippines, is but a token of the debt of gratitude that we owe to America, and a renewed expression of hospitality, which we have always accorded, not only to Americans, but also to other foreigners — yes, even to the Japanese, who, in exchange for the hospitality that we accorded them in pre-war days, treated us brutally and barbarously when they occupied our country.

Under the lend-lease policy of the United States during the last World War, all her Allies, including the United Kingdom and Soviet Russia, became heavily indebted to her. Her lend-lease exports to all countries from March, 1941 to April 1, 1945, were:

Country	*Total* *Thousands of dollars*	*Percentage Distribution*
United Kingdom	12,775,392	43.6
U. S. S. R.	8,409,695	28.7
Africa, Middle East, and Mediterranean area	3,813,058	13.0
China and India	2,023,339	6.9
Australia and New Zealand	1,257,089	4.3
Latin America	226,859	0.8
Other countries	805,025	2.7

After April 1, 1945, America became the creditor to other countries to the extent of $40,000,000,000 or ₱80,000,000,000 under the lend-lease transactions alone. This amount is equivalent to 160 times the United States total investment in the Philippines during the entire American regime. Then, too, the 450 billion dollars or 900 billion pesos that World War II cost the United States is 1800 times the total American investment in the Philippines, including all enterprises like banking and in-

surance, which are not covered by the Parity Bill. But it is 4,500 times as much as the American investment on the development of our natural resources alone — namely, mining, lumbering, agriculture and public utilities — the sort of investment specified in the Parity Bill. This should make clear to the Philippine public how insignificant is the investment of the United States in the Philippines compared with her wealth and resources. By the end of the first World War, America had also become creditor to her allies and other countries to the extent of $10,000,000,000. This amount had presumably been cancelled by the beginning of the Second World War.

American Capital in Times of Reconstruction and Rehabilitation.

We should not forget that the Philippine Trade Bill is only one of the many phases of the past, present, and future Philippine-American relations — political, economic, military, social and even cultural. Whatever attitude the Filipinos may take towards America and express through the plebiscite on the Parity Bill, cannot but affect these relations, either favorably if the Parity Bill is accepted or unfavorably if it is rejected. Some of the Philippine-American relations that will be affected adversely by the rejection of the Parity Bill are:

(a) The rehabilitation of the Philippines under the War Damage Act involving an amount of ₱1,040,000,000. Appropriated for the benefit of the Philippines, this amount is to be released in instalments over a period of approximately five years. Any adverse vote on the Parity Bill may cause the discontinuance of the periodic release of at least the greater portion of this amount, because the War Damage Act provides that the eventual release of the different items of this appropriation will depend upon the acceptance of the Philippine Trade Bill by the Filipinos.

(b) The Philippine Reparation from Japan for war damages, representing several billion pesos. This indemnity may be collected only with the help of the United States especially since only a portion of it is imposed upon Japan as a valid obligation to be paid in all probability in installaments.

(c) The willingness of the United States to appropriate enormous amounts for the joint defense of the Philippines and the United States in the years to come. If we reject the Parity Bill, American capital can not be invested in the Philippines in

a permanent way to exploit our natural resources. And, if America has no interest at stake here, she may not come to the defense of the Philippines in case there is another war, espcially since this country is already independent politically. Now that the American flag no longer flies over this land, only American investments and American bases here would be the sole justification for any joint Philippine-American defense of our country in case of any eventuality.

The exploitation of our natural resources by American capital, therefore, would be a means to avoid any possible foreign invasion. With American capital here any foreign power would think twice before invading these shores. And so, in a sense, we would perpetuate peace in our country and in this part of the world, and contribute our share towards the realization of the aims and objectives of the United Nations Organization. As Congressman Johnson of California has rightly said, "If the people know and understand each other, peace is almost inevitable. What we do today may be one of the bricks that will build the temple of peace that we are looking and hoping for."

No wise man, not excluding the champions of the opposition to the Parity Bill, has yet come out in the open to try to convince us that the Philippine Government and the Filipino people combined can raise the necessary funds for the adequate defense of the Philippines against future invasion. It is worthwhile to know that the maintenance of the United States defenses in the Philippines, including Army, Navy, and Air Forces, from the late summer to December 17, of 1941, cost $294,000,000 or ₱588,000,000; compare this with ₱537,069,000 which represents the total American investment in the Philippines for a period of at least 40 years preceding the outbreak of World War II.

(d) The various loans from the United States may also be affected adversely by the rejection of the Parity Bill:

(1) The proposed direct loan of ₱800,000,000.

(2) The loan from the United States Import and Export Bank, which is under negotiation, as well as the proposed loan from the International Monetary Bank. These two loans involve millions of pesos.

(e) Those who are against the Parity Bill hold that, if the Philippines does not have sufficient funds at present with which to rehabilitate and develop our national economy, it should wait until the opportune time comes when it can be developed with Philippine capital. The trouble with this line of thought is that it is based on the assumption that we should be contented with whatever capital may be at the disposal of the Philippine Government and of the Filipino people either now or in the future. It fails to take into account that there are enormous expenses that we have to meet immediately, such as the appropriation for national defense; the salaries and wages of standing army; the ever increasing expenses of the Republic; the extraordinary amount of capital needed for the rehabilitation and reconstruction of devastated areas; the rehabilitation of old industries devastated by war and the establishment of new ones; and, last but not least, the need of solving immediately our unemployment problem and of the reconverting all our guerillas to civilian life — all of which need foreign capital. Inasmuch as foreign capital is indispensable, we have to get it from some foreign source; and certainly, no other country is in a better position to give it to us than the United States.

Lessons to be Derived from the Investment of American Capital in the Philippines and Elsewhere.

Comparisons between American investments in the Philippines and those in other countries cannot but lead to certain conclusions. Among these are:

(1) American capital is so enormous that it has to expand and find new fields of investments outside the territorial boundaries of the United States. It is not, therefore, surprising that is invested all over the world under varying terms, conditions, and circumstances, regardless of whether or not American citizens and business corporations are accorded parity rights.

Because of our special and peculiar relations with the United States, it is particularly natural that, in exchange for certain rights and privileges granted to us by the United States, she should exact from us corresponding rights and privileges. The parity right in favor of American citizens and corporations is one of these.

No international agreement or treaty can be expected to meet with the approval of both parties, if its terms or conditions are favorable only to one of them. The so-called parity rights claimed by America in favor of her citizens under the Philippine Trade Act are intended to protect, not only Philippine interests, but American interests too. In other words, they are the legal expression of the principle of give and take.

(2) In times of peace, American capital takes the form of temporary investments in other countries to further international commerce, trade or communication; of permanent investments in public utilities and in the exploitation of the natural resources of other countries, such as agriculture, mining, and lumber industries; of direct loans to foreign governments and their agencies, subsidiaries, or instrumentalities.

(3) In times of war, specifically during the last World War, American capital has been indispensable in the war efforts of the United States and in the war efforts of all her allies, such as Russia, Great Britain, China, France, the Philippines, and other countries. In World War II, it assumed mostly the form of lend-lease contracts and agreements.

(4) Now that the war is over, the United States of America has become the financier of the world. Her capital is again solicited, needed, and held indispensable for the relief, rehabilitation, and reconstruction of this devastated world. The Philippines is one of the very many countries which has to depend upon the United States for financial aid in her relief, rehabilitation, and reconstruction program.

(5) American capital is certainly indispensable for the restoration and maintenance of permanent peace and security.

(6) American capital is necessary to reestablish a new world order, in which all nations, great or small, will be free from fear and free from want. This means that American capital should be invested in those countries whose natural resources have to be developed for the purpose of feeding all the people, especially in the densely populated areas, the inhabitants of which are on the verge of starvation; and for the purpose of raising the standard of living in those countries where the standard of living is much lower than that of the more progressive countries of the world. No one — certainly not the Filipinos — can deny this; for it is a matter of common knowledge

that one of the beneficial results of the free trade relations between the Philippines and the United States was the attainment on the part of the Filipinos of a standard of living which is higher than that of any of their Oriental neighbors.

Japanese and Other Foreign Capital in the Philippines

For several years before the outbreak of the war, Japanese investments in the Philippines amounted to around ₱100,000,000. In agricultural lands, especially those devoted to the abaca industry, the investment of Japan was around ₱32,000,000. It is significant that the greater portion of this Japanese investment was made only during the last few years before the outbreak of the war, while that of the United States covered a period of no less than 40 years. And, while American investment was made in conformity with the requirements of the laws of the Philippines, that of Japan was made against the requirements and in violation of the laws of the Philippines, especially of the Public Land Law. It is shameful to note that, in violating this law, they used Filipinos as dummies to attain their sinister ends.

Then, too, while American businessmen invariably employed native labor, Japanese investors almost always employed Japanese labor. For this reason, at the outbreak of the war, there were in the Philippines around 30,000 Japanese as against 8,709 Americans and at least 117,000 Chinese.

Through this system of investment, within a short period before the war, Japan was able to control, certain regions and certain industries in the Philippines, among them, the abaca and other industries. Davao is one of the richest provinces in Mindanao with a cultivated area of around 118,000 hectares. About ½ of this area constituted Japanese holdings openly or secretly. The Japanese owned more than 45 plantations and agricultural companies in Mindanao, and their investment in those plantations alone was no less than ₱10,000,000.

The principal exports of the province of Davao, such as abaca, lumber, and copra, were controlled by the Japanese; and, curiously enough, they exported their products to the United States. The money derived from these exports were used in the purchase of goods from Japan, with the result that,

for sometime, Davao used to import no less than 80% of its outside needs from Japan and only 3% from the United States.

Besides, the Japanese invaded almost all fields of human activities, especially in Davao. They worked as planters, fishermen, farm contractors, farm laborers, lumbermen, mechanics, carpenters, industrial laborers, merchants, drivers, photograhpers, and barbers. As it turned out, all of these people were spies and secret agents of Japan.

Japanese business activities extended, not only throughout Davao, but also to other provinces and cities in the Philippines, such as Manila, Cebu, and Iloilo. It is estimated that before the outbreak of the war, 35% of the retail trade of the Islands and at least 50% of the fishing boats were in the hands of the Japanese.

The economic ascendency of the Japanese before the outbreak of the war alarmed, not only the Americans, but even the English. For even England's richest market, India, had been flooded with Japanese goods; and more than 1/2 of the foreign trade of China was in the hands of the Japanese. Japanese merchants also invaded Australia and New Zealand, French Indo-China, Dutch East Indies, and nearly all other tropical islands in the Pacific. So swift and alarming was this mercantile invasion that 27 Pacific countries, one after another, adopted restrictive measures against the influx of cheap Japanese goods. It is, of course, this economic offensive that served as the prelude to the Second World War.

Among the lessons to be derived from the Japanese prewar investment in the Philippines, are:

(a) That an undeveloped and unindustrialized country like the Philippines, with very little native capital, invariably attracts foreign capital; and that it is better to allow foreign capital to come in legally, as American capital did in the Philippines than to have it come illegally, as Japanese capital did.

(b) That it is better to attract the capital of a friendly foreign power, which may prove to be an ally and a benefactor, than to allow the entry of the capital of a treacherous country, which may turn out to be an enemy in disguise.

(c) That, since the entry of foreign capital into our country is inevitable, for no country can live in perfect isolation, it

is the better part of wisdom to attract capital that is satisfied with a minimum profit instead of capital that is greedy for profit. Past experience and observation show that, of all the capitalist countries, now, America is the only one that has the greatest amount of disposable capital, and which is willing to earn the minimum rate of interest.

(d) That any foreign capital allowed to enter our country should be subjected by our government to the most searching scrutiny, for the purpose of keeping out capital which does not only exploit but also has some other ulterior sinister motives that may eventually lead to international political complications. In this respect, American capital has passed the most rigorous test.

Spanish Exploitation of our Natural Resources (Encomienda System).—

There are those who oppose the granting of parity rights to Americans for the purpose of exploiting our natural resources, lest the evils of the Spanish encomienda system be revived. To find out whether or not there be reason for this fear, we have to refresh our minds on the *encomienda* system.

History tells us that,

> "With the conquest of the Philippines by Spain went, of course, the ownership of all the land. From time to time the Spanish Governor gave large grants to Spanish citizens of the Islands. The Filipinos living in the villages and towns on the grants went with the land. The groups of Filipinos on a single grant varied from three hundred to one thousand. The grant of land and people was called the *encomienda* or *repartimiento*.
>
> "In 1570, for example, when Legaspi founded the Spanish city of Cebu, he granted to his Spanish citizens the neighboring villages as *encomiendas*. In the course of time he gave them the adjacent lands also. A year later, when he founded the Spanish city of Manila, he granted *encomiendas* to its citizens in the same way. To the camp master, Martin de Goiti, he gave the village on the Bombon River. By 1591, twenty-one years after the settlement of the Spaniards at Cebu, there were in the Philippines two hundred and sixty-seven *encomiendas*, of which thirty-one belong to the King."

"Holders (of these encomiendas) were expected to make fortunes in the manner they thought most convenient to themselves." In the course of time, the **encomenderos** were superseded by Judicial Governors, called **Alcaldes**, who perpetuated the

system of exploiting the natives by levying tributes from them. "The **Alcaldes** practically monopolized the trade of their districts, unduly taking advantage of their Government position to hinder the profitable traffic of the natives and bring it all into their own hands."

As George A. Malcolm has pointed out in his book, **The Commonwealth of the Philippines,**

> "The legitimate criticism of Spanish colonial policy is practically self-evident and needs little elucidation. The thought was ever of the mother country and securing the most from the Filipinos for the benefit of Spain and her numerous officials. That corruption existed has never been denied, and this not only in the executive department but in the judiciary, where it is most detestable. It was reported that the notorious General Weyler, after three years as Governor-General of the Philippines, returned to Spain with a fortune estimated by his personal intimates at between $2,500,000 and $3,000,000."

It was not alone the Spanish laity that thus acquired vast tracts of land in this country. The clergy, too, particularly the various orders, managed to acquire titles to immense landed estates throughout the length and breadth of the Archipelago, especially in Cebu, Bulacan, Laguna, Cavite, Isabela, Rizal, and Mindoro.

Many of these estates are still intact, making their corporate owners wealthy. The most notable among them are the San Pedro Tunasan Estate and the Lian Estate belonging to the Jesuit Order, the Hacienda Buenavista formerly belonging to the San Juan de Dios Hospital, the Hacienda Dinalupihan and the Baclaran Estate belonging to the Monte de Piedad and Savings Bank, and the Capellaña de Tambobong and the Mandaluyong Estate belonging to the Roman Catholic Archibishop of Manila.

Since the administration of Governor-General William Howard Taft, the Philippine government has tried to buy portions of those estates for subdivision and resale at cost to **bona fide** occupants. In 1903, through proper representations to the Pope, Governor Taft managed to acquire 154,000 hectares of these holdings at a cost of ₱13,869,000. The late President Quezon made arrangements for the lease and eventual purchase of the Buenavista Estate, which has been the seat of Agrarian unrest for a long time; and President Roxas, as Head of our

Republic, tries to complete the deal, for the vicissitudes of war have hindered the progress of the past negotiations.

The grave social problem to which these landed estates have given rise have not yet been solved. And they will not be solved, until and unless the government succeed in buying certain landed estates and apportioning them among the people who have lived in them for generations and coaxed them to fruitfulness.

There is every reason to believe that the Americans will not exploit our land and our natural resources in the same way that the Spaniards and the religious order did. For more than two score years, the United States held complete dominion over these islands; but her citizens did not capitalize the prestige and the power of their government to exploit our land and our people, as the Spaniards did for three hundred years or more, and as the Dutch did the Netherlands East Indies and the Indonesians.

For the United States has always had a benevolent and fair-minded attitude towards subject countries. As President Franklin D. Roosevelt pointed out to Winston Churchill in their conversation in Casablanca, if the peace of the world is to be maintained, the great powers cannot afford to exploit small nations without giving anything in return. The exploitation of the natural resources of a minor power by a major power, according to the great American war leader, should result in the prosperity and progress, not alone of the stronger nation, but of the exploited people as well.

The history of the American administration in this country can not but convince us that this political philosophy of the late American President is also the guiding principle of the United States in its dealings with the world. And so we need not entertain any fear that the granting of Parity Rights to American citizens for the purpose of exploiting our natural resources, would, in any way, revive the evils of the Spanish **encomienda** system.

Effects of Parity Right Upon our Educational Reconstruction and Rehabilitation.—

Staggering has been the destruction wrought by the war upon our educational structure. At present prices, for example, it would take at least ₱126,000,000 to reconstruct our damaged school buildings and fences; and ₱100,000,000 to replace the furniture, the library and laboratory equipment, books and the records that were lost or looted or destroyed.

More difficult to evaluate, although perhaps more devastating, has been the effect of the enemy occupation upon the moral and spiritual aspects of our educational system. For the enemy sought to suppress all the influences and vestiges of Anglo-American culture and civilization in this country; while, at the same time, imposing upon our people a new and strange ideology, absolutely inimical to our way of life.

Imperative is the need for us to remedy these shortcomings immediately. For a new generation of youngsters is fast approaching maturity, without the benefit of modern education — precisely at a time when an informed citizenry is needed to meet the onerous problems of our young Republic. Thus alone can we hope to combat the evils now besetting our body politic — evils that are clearly the aftermath of the three and one half years of fear and uncertainty, of hunger and despair.

No matter how desperately we try to remedy the situation, however, we are completely hamstrung by lack of money. Our country is prostrate economically; and we can hardly keep body and soul together — much less concern ourselves with the less tangible things of life, by which alone we can hope to attain cultural advancement and national greatness.

Obviously, we have to have aid from the outside; and what other country than the United States would be willing to extend this aid to us? Books; library and laboratory equipment; prime commodities for our people, including both the teachers and the taught; building materials; audio and visual aids in education, like radio facilities, motion picture films and equipment, phonographs and phonograph records — all these as well as money have to come from the United States.

Take rice, for example, our basic necessity. At present, we have a more or less continuos supply of it, because of the

priority that we enjoy. But what would happen if an indifferent or even hostile United States suddenly decided to send the grain to some other country, whose need for food is greater than ours? Or take galvanized iron sheets and nails, which we need desperately in rebuilding our houses and public buildings, including school houses. What would happen if the United States, losing her interest in our welfare because of our untoward attitude towards her, should suddenly decide to stop the shipment of these essential building materials to this country, precisely at this moment when we need them most? And she could very well do so; because the demand for these materials in the other countries of this world in shambles is certainly as great as, if not greater than, our own.

Fortunately for us, America has, in various ways, expressed her willingness to help us out of our difficulties. Through the War Damage Act and the Trade Act, she has made specific provisions to help us get on our feet again — not only by compensating us for the enormous losses that we have sustained, but also by revitalizing our agriculture and our industries.

Of particular interest and significance to us now and in the future, is the ambitious plan to spend $902,915 of the War Damage Act Fund of $120,000,000, on the training of promising Filipino young men in the various phases of modern technology. According to this plan, 245 "pensionados" will be sent to the United States in 1947; but this number is expected to reach 925 in the four years that this particular provision of the War Damage Act will be in force. With the technical knowledge and know-how that these young men are expected to acquire in the leading institutions of learning in the United States, they are bound to play a leading role in the development of our natural resources and in effecting the needed transformation of our country into a modern economic entity.

The good-will of the United States will also be essential to the success of the proposed program of the Department of Instruction of the Philippine Republic to revive handicrafts — embroidery, weaving, basketry, etc. — in the public schools. This vast project, which will be financed and carried out by the National Teachers Cooperative Association, is expected to serve as a part of the vocational training of the children as well as a source of income.

The United States will be the only possible and best market for the products of this national enterprise. Luckily, unlike sugar or abaca or coconut, these products will not be covered by the duty and quota provisions of the Trade Act. And, as long as we have the good-will of the United States, we need not fear the competition of other countries like Belgium, Mexico, and Czechoslovakia in hand made articles.

And, of course, it will be only through American intervention that we can hope to secure reparations from Japan for the damages and injuries sustained by the Filipinos during the three and one half years of enemy occupation. For one thing, we were still an American dependency at the time that we sustained these damages and injuries. Then, too, we are not in a position to compel Japan to come across with these reparations. To be successful, we shall need the backing of America — her prestige and her military might and power.

It is of paramount importance to our program of rehabilitation for us to get reparations from Japan. We have to get back even only a little of the equivalent of the ₱6,623,551,000 in Mickey Mouse money that the Japanese Military Administration circulated here during the occupation. We have to be compensated, in cash or in kind, for the prime commodities, livestock, construction materials, agricultural and industrial machinery, books, paintings and other object of art, that the enemy looted or commandeered.

If the system of payment of reparations for damages sustained in World War I is to be taken as a precedent, the chances are that Japan will be allowed to make her payments over a period of 30 years. Her failure to fulfill her obligations may give the Allied Powers, including the Philippines, an occasion to occupy the country, in the same way as the French occupied the Ruhr Valley, to force Germany to deliver the coal she was supposed to supply France as a part of her war indemnity.

The Philippine public school system as well as the country in general is bound to benefit from the Japanese reparations. Paper and printing facilities, machinery, textiles, even fishing boats—all these and many more would be needed to supply and equip our public schools, especially in carrying out the ambitious program of vocational education.

The attainment of all these objectives, however, will depend a great deal on the good-will that we can manage to maintain between our country and the United States. Failure on our part to promote this good-will is liable to make the United States lukewarm or indifferent or even hostile to our best interests. And this would be inevitably disastrous to our ends.

So much depends, therefore, upon our collective decision on the parity bill that we should weigh the matter in our minds with the greatest sobriety. We should consider the fateful consequences of whatever step we may decide to take. And it is the better part of wisdom for us to give preferential regard for the immediate need of our country, and especially of our educational system.

In this world of reality, we cannot hope to eat our cake and have it too. We can never hope to get something for nothing. We can never hope to receive favors from anyone without giving anything in return. And, if we expect to receive aid from the United States, we should also be willing to show her a token of our regard and our gratitude. The Parity Bill is merely an expression of our good-will towards a nation, which has stood by us — and is likely to stand by us in the years to come — through fire and high water.

The Philippines, a Paradise in a Devastated World

The Filipinos are apt to think that the Philippines has been so devastated by war as to be more miserable than other countries. Only a comparison of the present situation of our country with that immediately before our liberation by America and with that of other countries occupied by the enemy, both in Europe and Asia, can convince us that the Philippines of today is a spot of paradise in a devastated world.

Those who stayed in the Philippines during the Japanese occupation, especially the residents of the City of Manila, still remember with horror the pitiful plight of the people in all enemy-occupied areas. In the City of Manila, the death rate due to starvation and pestilence was estimated to be between 300 and 500 a day; while, in the small cities and towns, all the people were underfed, not only because they could not produce what was absolutely necessary for their daily diet, but also and principally because the Japanese soldiers confiscated whatever

prime commodities they could get hold of. The masses of the people in the so-called Greater Manila were in rags; in the provinces, the situation was so much worse that the people had to use rice sacking with which to cover their bodies. There was a general scarcity of medicine and medical equipment, which the Japanese Armed forces confiscated with systematic thoroughness. From the very beginning of the occupation Japanese soldiers and civilians commandeered the best automobiles and trucks that they could find. And when automobiles, trucks, and other motor vehicles were no longer available, the Japanese soldiers seized native vehicles — carriages, **calesas, carromatas,** dog carts, *carretelas, caretons* — even push-carts, bicycles, tricycles, and any other contrivance on wheels that the ingenuity of the Filipinos could fashion.

Since the liberation, however, more automobiles, trucks, and other motor vehicles have plied the avenues and boulevards of Manila and the national highways of the Philippines than before the war. This condition is not duplicated in any other part of the world which suffered enemy occupation — and this has certainly been due to our liberation by America.

I have seen with my own eyes the present situation in England, especially in London, once the pride of Europe and the political and financial dictator of the world. In the continent of Europe, too, with perhaps a few exceptions, all prime commodities are rationed; and, in spite of the rigid rationing system, people everywhere are in want. When I was in London several months ago, I learned from reliable sources that about 150 million people were on the verge of starvation in Western Europe alone; about 30 million in India; and about an equal number, in China. Recent reports have been worse. It has been estimated that around 500 million people throughout the world are on the verge of starvation and famine. It is predicted by those who know the situation that more than 50 million people will die within a few months, unless they get sufficient wheat and other foodstuffs immediately. It is said that about 260 million in Europe and around 240 million in Asia have turned scavengers, seeking anything to stave off their hunger in gutters and garbage heaps. In short, we are confronted with the world's worst famine. It is generally accepted that twice as many people have starved to death than during or immediately after World War I.

Fortunately for us, there has been a continuous flow from the United States since the liberation, of foodstuffs, clothing, medicine, and other prime commodities as well as construction materials — not to mention the means of transportation by land, water and air (the so-called public utilities under the Parity Bill). For these conforts and conveniences and even luxuries, we have to thank America.

There are those who believe that, if we were able to survive the three barbarous and brutal years of Japanese occupation, we could certainly endure the most adverse consequences of our disapproval of the Parity Bill. They believe that, if we are to keep our honor and dignity as an independent nation, we have to disapprove the Parity Bill at the risk of economic, political, or military reprisals from the United States.

At first glance, this line of reasoning may appear logical, even heroic. But it is rather short-sighted; and, certainly it is not borne out of historical facts. Our people seem to have forgotten that it was pricesely to stave off the danger and the sufferings that the last war would inevitably bring if it reached these shores, that the governments of the Philippines and of the United States pooled their efforts to import as much prime commodities as possible, especially foodstuffs and clothing materials, all of which or nearly all of which came from America and were transported on American vessels, in order to insure their safe arrival here in time to meet the expected contingency. This precautionary measure enabled most of the Filipinos to have a store of prime commodities against the lean years of the enemy occupation. For this reason, most foresighted Filipinos never felt the lack of prime commodities, clothing, and even construction materials until the liberation.

It is still fresh in the memory of the public that, immediately after the enemy occupation, the Japanese began replacing our money with Japanese Military notes. These were, of course, merely scraps of paper, backed by neither gold nor silver reserves; for Japan was insolvent. According to the best available data, a total of more than ₱6,623,551,000 in Japanese Military notes or "Mickey Mouse money" was circulated in this country during the occupation, partly in payment for prime commodities and other articles commandeered by the Japanese

from time to time and partly as compensation for forced labor exacted of the Filipinos by the enemy.

Immediately following the liberation of the Philippines, these Japanese Military notes were withdrawn from circulation, and almost everybody in the Philippines found himself without any valid and legal tender with which to buy goods and services. In order to help out the Filipinos, the United States Government immediately put Philippine Victory pesos and American dollars into circulation in payment for the things needed by the Americans and as compensation for services rendered by the several hundred thousand Filipinos that were immediately placed on the payroll of the United States Army, Navy, and Air Forces. As of July 1, of this year, the number of Filipino civilians employed in the United States Army and Navy alone was around 131,000, earning an average of not less than ₱20,000,000 a month or ₱240,000,000 a year. During the first 12 months after the liberation, the amount of ₱826,000,000 represented the total monetary circulation in the Philippines, made possible through the United States of America. This amount represents four times more than the total American investment in the Philippines in our natural resources and public utilities during the whole period of American regime, and nearly four times the total Philippine monetary circulation in our country, before the war.

If the United States had failed to circulate Philippine Victory pesos and American dollars immediately after our liberation, what would have happened to the overwhelming majority of Filipinos who had no work, no money, or no property at the time when the Commonwealth Government was restored? Our people do not seem to have been able to conceive the economic and social chaos and embarrassment which would have been produced by the absence of legal tender during the period of transition and reconversion from a state of war to a state of normalcy.

Taking everything into account — especially the speedy flow of prime commodities from the United States immediately after the liberation; the immediate distribution of these commodities **gratis et amore** among the people; the employment of several hundred thousand Filipinos as white-collar workers and as laborers, who were paid not only in cash but also in kind;

the free circulation of money; the disposition of all the surplus war materials after the termination of the war — taking all those into account, we cannot but be convinced that the immediate revival of local agriculture, industries, and commerce have been made possible only through the aid of American capital. This timely aid has converted the Philippines into a paradise in a devastated world. For this great good fortune, all other countries occupied by the enemy, both in Europe and in Asia, have reason to envy the Philippines. For this blessing, the Filipinos should feel proud of, and grateful to, "Mother America".

PART IV

CONCLUSION

1. I Have Faith in America

I have faith in America, the champion of freedom, the defender of human rights. It was America which liberated the Philippines from Spanish yoke at the turn of the century. It was America which, in the First World War, came to the rescue of the beleaguered Allies, in order to insure the safety and the freedom of all nations, great and small alike. It was the redoubtable American warriors who stood by us throughout the darkest hours of our history—in our desperate attempts to repel the enemy in Bataan and Corregidor and in our life-and-death struggle to circumvent the enemy during the occupation. And it was the might and the valor of America which finally brought the Second World War to a triumphant conclusion, drove the enemy from our shores, and gave us once more the blessings of freedom and of peace.

I have faith in America, the benevolent sovereign nation, which has led the Philippines, step by step, to progress, enlightenment, and political independence. Patiently, she taught us the intricate art of self-government; and, as soon as she found out that we could stand on our own feet, she granted us our long-coveted independence—at the same time guaranteeing our permanent security in this troubled world.

I have faith in America, which has raised both our material and cultural standards within such a short period that our nation has become the wonder and the envy of the rest of the world. America has brought us all the modern conveniences and facilties, knitting the country into a homogenous entity, revolutionizing our agriculture and our industries and our commerce, and raising our standard of living beyond that of any other people in the Orient—including the Japanese. America has brought us a modern system of universal education which has changed, not only our modes of thinking, but also our philosophy of life. America has taught us to make use of our boun-

tiful natural resources and at the same time to conserve them for our posterity. By restricting our land laws and by promulgating anti-trust rules and regulations, America has prevented our public lands from falling into the hands of foreigners and big trust companies and corporations.

I have faith in America, the pillar of strength and stability, on which we have learned to lean both in times of peace and in times of war. American capital has made possible the development of our natural resources and promoted trade relations between the United States and the Philippines. And it was American billions—as much as American ingenuity and American gallantry—which sealed the fate of the world, including the Philippines; and which decided that mankind should have a new birth of freedom. And, even now that the war is over, it is still American billions which alone could make possible the reconstruction and the rehabilitation of devastated areas throughout the world; it is America alone which could guarantee the peace and the security that humanity so sorely needs.

I have faith in America—in America's integrity, in America's good-will, in America's special regard for the Philippines. Even those who would oppose the Parity Right Bill can not gainsay this integrity, this good-will, this special regard for the Philippines. They are manifest in every phase of Philippine-American relations for well-nigh half a century. They are the qualities of American sovereignty in this country which gave birth to the Spirit of Bataan and Corregidor. That spirit is not dead.

I have faith in America. But I have a greater faith in the Philippines, and especially in her leaders. I have faith in their wisdom, in their statesmanship, in their vision, in their patriotism. I like to believe it to be the sort of patriotism that transcends the interests and the problems of the moment, and views the ultimate welfare of the nation from a perspective of centuries. That is the only kind of patriotism that can insure the greatest good for the greatest number. It is the only kind of patriotism that can insure our survival, our stability, our progress.

2. I Have Faith in my Country

(a) Our Struggle for Independence.—

The struggle of the Filipinos for political emancipation is as old as their history. For well nigh three centuries they had repeatedly risen against Spain in order to attain this freedom. It was not until the year 1898, however, that they undertook their most serious revolt. At the beginning, this revolt had no other object than to seek the reform of the Spanish Laws then in force in the Philippines so as to make these laws conform to the aspirations of the people. But the Filipinos soon realized the inadequacy or futility of this goal. They therefore sought the overthrow of the Spanish regime. They established their own Revolutionary Government which in time extended its authority throughout the length and breadth of the Philippines, from Northern Luzon to Southern Mindanao.

When the Spanish-American War broke out on April 25, 1898, the Filipinos found themselves fighting against superior strength. The enemy had arms and equipment; they had almost none. The soldiers of the invading army were well-trained; theirs were poor and untrained. But they did not despair. They did not go down in battle without offering stiff resistance, if only to prove to the whole world that they were willing to sacrifice and die for their country to attain immediate and complete Independence.

Not long after the Civil Government was established in the Philippines, the Filipinos continued their struggle for political independence within the halls of the American Congress until, step by step, they advanced on the road to statehood and finally were able to proclaim the birth of their Republic. This epochal event, which is probably without a parallel in colonial history, took place on July 4, 1946.

Our beloved country is the youngest member today in the family of independent nations. She is now free and independent but not without having passed through an ordeal of terror and blood during the last World War because of her advocacy of the cause of the Allies in this part of the Pacific Area. For no less than three years, she was under the brutal heel of a neighbor who came under the guise of a brother. Her people suffered all sorts of humiliation, many types of barbarous treatment, every manner of inhuman cruelty. Of her citizens who dared raise their voice in protest, death was their fate.

The war is now over. But for the Philippines and, for that matter, many other countries of the world, the peace has not entirely been won. After sacrificing more than half a million of the lives of her gallant people before the altar of the four freedoms, the Philippines is now confronted with another struggle, not for political independence, but for economic independence and national survival. Will the Filipinos be equal to this struggle? In meeting it, will they show the same courage and abnegation and vision as they have always shown in the past? Will they be men of heroic mould?

(b) The Philippine Trade Bill as an International Agreement Based Upon Precedent and Past Commitments

Nobody questions the fact that from the inception of American sovereignty in the Philippines up to the present, the affairs of our country have been guided by our foremost political leaders; namely, Quezon, Osmeña and Roxas. President Quezon particularly exercised a dominant influence in our relations with America after the enactment of the first Tariff Act establishing free trade between the Philippines and the United States sometime in 1909.

On the basis of this precedent, it is reasonable and logical to state that, even if there had been no war and enemy occupation of the Philippines, President Quezon himself would have requested the American Congress to enact a Philippine Trade Act effective after independence with probably the same parity provision as is found in the present Philippine Trade Bill. For even during the Commonwealth, this great leader admitted that the 10-year transition period was much too short a time to enable the Philippines to secure economic independence. As a consequence of this view, the Joint Preparatory Committee, the creation of which had the approval of both President Roosevelt and President Quezon, recommended an economic adjustment period of twenty years after independence and the amendment of the Tydings-McDuffie Law so as to provide for a joint Philippine-American Commission to formulate the details in regard to this adjustment period. The Quezon Administration subsequently took steps to give Philippine industries an opportunity to adjust themselves to new conditions until the advent of independence, by having certain Philippine products exempted from ex-

port taxes and, in lieu thereof, provided with decreasing quotas. A Filipino Rehabilitation Commission was also later on created.

According to the Tydings-McDuffie Law, American citizens and corporations would have the same rights as Filipino citizens and corporations in the exploitation of our natural resources and in all other business or industrial activities up to the proclamation of Philippine Independence on July 4, 1946. It is obvious, therefore, that the so-called parity rights for American citizens and business enterprises, as contemplated in the Philippine Trade Bill, are but a continuation of the same rights and privileges granted these American citizens and corporations in the Tydings-McDuffie Law and made as an appendix to the Constitution of the Philippines.

It is significant to note, in this connection, that as early as September 25, 1945, not long after President Osmeña succeeded President Quezon, a bill was introduced in the House of Representatives of the United States Congress (H. R. No. 4185) providing for future trade relations between the United States and the Philippine Islands. Section 17 of this original bill contained the following provision:

> "Nothwithstanding any existing provision of the constitution and statutes of the Philippine Government, citizens and corporations of the United States shall enjoy in the Philippine Islands during the period of the validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence, and occupation as citizens of the Philippine Islands. Such rights shall include rights to acquire land of the public domain, to acquire grazing, forestry, fishing and mineral rights, and to engage in the ownership and operation of public utilities, and all such rights shall be acknowledged, respected, and safeguarded to the same extent as the same rights of citizens of the Philippine Islands."

While the first Philippine Trade Bill was pending before the Committee on Ways and Means of the House of Representatives of the United States Congress, the Office of the Philippine Resident Commissioner in Washington, D. C., proposed an amendment so as to make the above quoted section 17 of the Bill read as follows:

> "Citizens and corporations of the United States shall enjoy in the Philippine Islands during the period of validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence and occupation as citizens of the Philippine Islands.

"Citizens and corporations of the Philippine Islands shall enjoy in the United States during the period of the validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence and occupations as citizens of the United States."

On October 12, 1945, President Sergio Osmeña addressed a letter to the Honorable Robert L. Doughton, Chairman, Committee on Ways and Means, House of Representatives, Washington, D. C., in which he stated, among others, the following:

" x x x. I strongly endorse, in principle, the broad purposes and objectives of the bill." (meaning the Philippine Trade Bill)

x x x x x

"At a time when the whole far eastern region is in a chaotic condition, the chances of the Philippines for developing its commerce and trade with neighboring countries would be very slim indeed. China, like the Philippines, has suffered devastation. Japan, reduced to impotence in a military and economic sense, will not be a potential factor in the commercial world for a long time. The Dutch East Indies will also have their economic problems. Turning to Europe, the situation will be the same. Thus, the only country to which the Philippine can look for a market and economic assistance is the United States. If we are now cut off from the United States market without a reasonable chance of restoring our economy and later adjusting it to the world pattern, we may find ourselves at back 50 years.

x x x x x

"On behalf of 18,000,000 people, whose homes and properties are in ruins and who face hunger and disease as a consequence of their participation in this war, I appeal to you and to the members of the committee to expedite the passage of this measure which is so vital to the life and economy of my people."

It is to be observed that when President Osmeña addressed the letter referred to above to the Chairman of the Committee on Ways and Means of the Lower House of the United States Congress, the much disputed parity provision of the bill had already been inserted therein. Subsequently, on or about November 14, 1945, another Philippine Trade Bill was introduced by the author of the original bill, Congressman Bell, whereby Section 17 of this bill (H. R. No. 4185) was converted into Section 19 of the new bill, referring also to the parity rights accorded American citizens and corporations in the Philippines. As he had done in the case of the first bill, Commissioner Romulo made an attempt to amend Section 19 of the second Philippine Trade Bill, (H. R. No. 4676) so that it would read as follows:

"Citizens and corporations of the United States shall enjoy in the Philippine Islands during the period of validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence and occupation as citizens of the Philippine Islands. Citizens and corporations of the Philippine Islands shall enjoy in the United States during the period of the validity of this Act, or any extension thereof by statute or treaty, the same rights as to property, residence and occupation as citizens of the United States. No tax, assessment, license, or financial burden shall be levied by the Philippine Government or its political subdivision against any American citizen living or doing business in the Philippines which is at a higher rate or more burden-some than those levied on or against citizens of the Philippine Islands."

Unfortunately for some reason or other, the foregoing proposed amendment intended to make the rights reciprocal as far as the Filipinos in the United States are concerned was not approved. For practical purposes, however, the granting of such parity rights in favor of the Filipinos residing in the United States, is not of much importance since there is nothing in the American Constitution or the American Law in general, except in the case of a few Western States, which prevents Filipinos or any other nationals legally residing in the United States from engaging in any kind of business enterprise in that country. Neither is there any prohibition for Filipinos to buy land anywhere in the United States, except in a few states which adopted the anti-alien land laws as a check to Japanese infiltration. As a matter of fact, in a number of States foreigners are even allowed to vote in local elections after acquiring the necessary legal residence. It may therefore be stated that America has, as a rule, adopted an enlightened liberal policy in its dealings with foreigners, both in the economic and the political fields. This liberal policy is due perhaps to the fact that this great country has been peopled by immigrants from all parts of the world, especially from Europe, and likewise to the fact that its greatness as a nation, not to mention its economic strength which now dominates the world, and its unequalled prosperity and wealth, has been the fruit of foreign capital.

It should be remembered that although the Philippine War Damage Act and the Philippine Trade Bill were finally and legally approved by President Truman on April 30, 1946, nevertheless all the hearings and proceedings relative to these acts,

as well as their approval by both Houses of the United States Congress, took place, as far as I can recall, only a few days before the Presidential election held in the Philippines on April 23, 1946. In other words, the Philippine Trade Bill and laws affecting Philippine-American relations were acquiesed in and accepted by President Osmeña and as such constituted a commitment of his Administration. In view of the present attitude of the Roxas Administration with respect to the political and international commitments of the past administration, one cannot help but arrive at the conclusion that the parity rights granted American citizens and business enterprises in the Philippine Trade Bill have the successive, joint and combined approval of the political triumvirate that have guided the destiny of our country during the last 48 years, both under the American regime and even during the enemy occupation, up to the present time. These rights, moreover, have the sanction of the present Philippine Congress which enacted Republic Act No. 73, thereby endorsing the measure favorably to the people in a plebiscite to be held for the purpose.

I cannot believe that our political leaders referred to above who have ruled our country for nearly half a century did not have enough foresight to see, determine, and decide whether or not the parity bill would have such prejudicial effects as those imagined by mischievous minds, by the prophets of Philippine disaster, by the pessimists who see nothing but frustrated economic hopes for our beloved country. I have an abiding faith in our leaders; I believe that patriotism is not a monopoly of the opponents of parity rights.

Filipinos and Americans alike have invariably spoken of the desirability of continuing the friendship that has always existed between their two countries. In fact, I recall that Ex-President Osmeña advocated the continuance of close relations between both countries not only for twenty or fifty years but for all times. Messrs. Quezon, Osmeña and Roxas must have been convinced that in our past and present relations with America, American capital — and only American capital as well as American technical guidance — has been instrumental in the material, educational and social progress of the Philippines, and in the realization of her political independence. And now that we have attained that independence America puts in our

hands the necessary instrumentality to make it endure thru the use of American capital in the exploitation of our natural resources, consistent with our laws and in conformity with our established policy, during such length of time as we may desire.

Certainly America has not forgotten our loyalty to her during World War I, and especially during World War II when thousands of our gallant sons died on the gory battlefields of Bataan, in the intolerable camp at Capas, or in the filthy cells of Fort Santiago in defense of the very ideals which America herself has brought over to our shores. And yet, if in spite of the formidable bonds that have forged the two peoples together, America should attempt to take undue advantage of us, we can always serve notice to the world that we know how to stand by our rights and dignity as free men. The remedy is in our hands.

In advocating parity rights, therefore, I do not want to be misinterpreted or misunderstood. While I am in favor of American investments in the Philippines in the exploitation of certain natural resources and public utilities whenever, as a matter of public policy, our government deems it best not to engage in such industries, and whenever Filipino private capital is unwilling to undertake them. I do not mean that these investments should be allowed to an unlimited extent and regardless of its consequences as far as public interests are concerned, and much less that we should tolerate any abuse on the part of the American Government or American citizens and business corporations in their business dealings with us. It is expected that if and when parity rights shall have been granted in conformity with the provision of Republic Act No. 73 of the Philippine Congress and upon their approval in a plebisite to be held for the purpose sometime in March, 1947, any American who may hereafter invest capital in the Philippines shall act in good faith and shall follow strictly, not only the present laws, rules and regulations of the Philippine Government and its instrumentalities, but such reasonable rules and regulations as may subsequently be promulgated by our duly constituted authorities. In other words, the duration of the parity rights to be enjoyed by American citizens and business corporations in the Philippines would be coextensive with the duration of the trade agreement as contemplated in the Phil-

ippine Trade Act, and would terminate upon the expiration of that trade agreement. It is for this reason I believe that, in practice, what is contemplated in the Resolution approved by the Philippine Congress on parity rights is really only a suspension, during the life of the trade agreement, of the provision of the Philippine Constitution which limits the exploitation of our natural resources to Filipino citizens and to corporations at least 60% of the capital of which is owned by Filipino citizens.

Through the liberal and benign policy of the United States, the Philippines, even during her existence as a Commonwealth, became a member of the United Nations Organization, nearly all of whose other members are countries enjoying absolute and complete independence. The public may be inclined to believe that the Philippines is among the smallest and weakest of these nations. Let me hasten to prove the contrary. Of the 51 original members of the United Nations Organization, only about 11 have a greater population than the Philippines; namely, China, Russia, United States, United Kingdom, France, Brazil, Holland, Mexico, Turkey, Egypt, and Yugoslavia. In other words, the Philippines occupies the twelfth place among these members in point of population. All the others have fewer inhabitants, among them Luxemburg, with a population of only 300,000; Panama, with a population of about 632,000; and Costa Rica, with a population of around 705,000. And yet, unusual as it may seem, some of these small nations are playing their parts well in the drama of human affairs. I may mention the fact, for instance, that the Chief of the International Court of Justice hails from the Republic of El Salvador, which has a population of only 1,862,000, that the present Secretary of the United Nations Organization, Mr. Lye, comes from Norway, which has a population of only 3,000,000, and that the President of the present Assembly of the United Nations Organization Mr. Spaak, is a native of Belgium, which has only about 8,000,000 people.

In area of territory, the Philippines occupies the twenty-fifth place among the members of the United Nations Organization. Therefore we belong to the majority, as it were, in this respect. As regards culture, we should be proud of the fact that ours is the only Christian country in the Far East, the only independent republic in the Pacific Area, and the only

real meeting ground of both the Latin and the Anglo-Saxon civilizations during modern times. In view of all these, our intellectual classes generally have a command of two of the most modern languages, namely, English and Spanish, and our people as a whole possess a profound understanding and appreciation of human values, prerogatives, and rights.

I mention all these facts, if only to prove that our country holds tremendous possibilities for greatness. For one thing, it can accommodate and feed, in conformity with the highest standards of living, about four times its present population, or a population almost equal the pre-war population of Japan, if it will but develop and exploit its natural resources to the fullest extent and within the shortest possible time. This development and exploitation, we must admit, can only be achieved with the aid of foreign technology and foreign capital. Such being the case, it is our inescapable duty to adopt a sound, wise, and farsighted economic policy that will attract, not repel, this capital and utilize it for the advantage of our people.

If we adopt this policy, there is no reason to doubt that we shall attain our longed-for economic rehabilitation and reconstruction so necessary to our national survival and to the permanence of our political independence. And, with our political and economic independence secure, we shall then be in a position, in due time, to play the role that fate has placed in our hands, which is that of championing the cause of Oriental countries which are still beneath the imperialist yoke, as well as in maintaining peace, order, and security in this part of the world.

Let us, therefore, have absolute faith in the potentialities of our country, faith in the integrity and wisdom and vision of our leaders, faith in the infinite capacity of our people to defend our dignity as free men against any possible encroachment from abroad. We have a rendesvouz with destiny. We must attend to it — or else face national poverty and eventual decay.

PART V

APPENDIX "A"

[PUBLIC LAW 371—79TH CONGRESS]

[CHAPTER 244—2D SESSION]

[H. R. 5856]

AN ACT

TO PROVIDE FOR TRADE RELATIONS BETWEEN THE UNITED STATES AND THE PHILIPPINES, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Title I—SHORT TITLE AND DEFINITIONS

Section 1. SHORT TITLE.

This Act may be cited as the "Philippine Trade Act of 1946."

Section 2. DEFINITIONS.

(a) For the purposes of this Act—

(1) The term "person" includes partnerships, corporations, and associations.

(2) The term "United States," when used in a geographical sense, means the States, the District of Columbia, the Territories of Alaska and Hawaii, and Puerto Rico.

(3) The term "ordinary customs duty" means a customs duty based on the article as such (whether or not such duty is also based in any manner on the use, value, or method of production of the article or on the amount of like articles imported, or on any other factor); but does not include—

(A) a customs duty based on an act or omission of any person with respect to the importation of the article, or of the country from which the article is exported, or from which it comes; or

(B) a countervailing duty imposed to offset a subsidy, bounty, or grant; or

(C) an anti-dumping duty imposed to offset the selling of merchandise for exportation at a price less than the prevailing price in the country of export; or

(D) any tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws; or

(E) the tax imposed by section 2491 (c) of the Internal Revenue Code with respect to an article, merchandise, or combination, 10 per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in section 2470 of the Internal Revenue Code; or the tax imposed by section 3500 of the Internal Revenue code.

(4) The term "Philippine article" means an article which is the product of the Philippines, unless, in the case of an article produced with the use of materials imported into the Philippines from any foreign country (except the United States) the aggregate value of such imported materials at the time of importation into the Philippines was more than twenty per centum of the value of the article imported into the United States, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the United States in effect at the time of importation of such article. As used in this paragraph the term "value," when used in reference to a material imported into the Philippines, includes the value of the material ascertained under the customs laws of the Philippines in effect at the time of importation into the Philippines, and, if not included in such value, the cost of bringing the material to the Philippines, but does not include the cost of landing it at the port of importation or customs duties collected in the Philippines. For the purposes of this paragraph any imported material, used in the production of an article in the Philippines, shall be considered as having been used in the production of an article subsequently produced in the Philippines, which is the product of a chain of production in the Philippines in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

(5) The term "United States article" means an article which is the product of the United States, unless, in the case of an article produced with the use of materials imported into the United States from any foreign country (except the Philippines) the aggregate value of such imported materials at the time of importation into the United States was more than twenty per centum of the value of the article imported into the Philippines, the value of such article to be determined in accordance with, and as of the time provided by, the customs laws of the Philippines in effect at the time of importation of such article. As used in this paragraph the term "value", when used in reference to a material imported into the United States, includes the value of the material ascertained under the customs laws of the United States in effect at the time of importation into the United States, and, if not included in such value, the cost of bringing the material to the United Sates, but does not include the cost of landing it at the port of importation, or customs duties collected in the United States. For the purposes of this paragraph any imported material, used in the production of an article in the United States, shall be considered as having

been used in the production of—an article subsequently produced in the United States, which is the product of a chain of production in the United States in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

(6) The term "United States duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the United States for consumption, of the Philippine article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(7) The term "Philippine duty" means the rate or rates of ordinary customs duty which (at the time and place of entry, or withdrawal from warehouse, in the Philippines for consumption, of the United States article) would be applicable to a like article if imported from that foreign country which is entitled to the lowest rate, or the lowest aggregate of rates, of ordinary customs duty with respect to such like article.

(8) The term "internal tax" includes an internal fee, charge, or exaction, and includes—

(A) the tax imposed by section 2491 (c) of the Internal Revenue Code with respect to an article, merchandise, or combination, 10 per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the oils, fatty acids, or salts specified in section 2470 of the Internal Revenue Code; and the tax imposed by section 3500 of the Internal Revenue Code; and

(B) any other tax, fee, charge, or exaction, imposed on or in connection with importation unless the law of the country imposing it designates or imposes it as a customs duty or contains a provision to the effect that it shall be treated as a duty imposed under the customs laws.

(b) For the purposes of sections 221 (b) and 321 (b), any material, used in the production of an article, shall be considered as having been used in the production of an article subsequently produced, which is the product of a chain of production in the course of which an article, which is the product of one stage of the chain, is used by its producer or another person, in a subsequent stage of the chain, as a material in the production of another article.

(c) For the purposes of paragraphs (6) and (7) of subsection (a) of this section—

(1) if an article is entitled to be imported from a foreign country free of ordinary customs duty, that country shall be considered as

the country entitled to the lowest rate of ordinary customs duty with respect to such article; and

(2) a reduction in ordinary customs duty granted any country, by law, treaty, trade agreement, or otherwise, with respect to any article, shall be converted into the equivalent reduction in the rate of ordinary customs duty otherwise applicable to such article.

(d) The terms "includes" and "including" when used in a definition contained in this Act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

Title II—LAWS AND PROPOSED OBLIGATIONS OF UNITED STATES

Part 1—Customs Duties

Sec. 201. FREE ENTRY OF PHILIPPINE ARTICLES.

During the period from the day after the date of the enactment of this Act to July 3, 1954, both dates inclusive, Philippine articles entered, or withdrawn from warehouse, in the United States for consumption shall be admitted into the United States free of ordinary customs duty.

Sec. 202. ORDINARY CUSTOMS DUTIES ON PHILIPPINE ARTICLES.

(a) July 4, 1954—July 3, 1974.—The ordinary customs duty to be collected on Philippine articles, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined by applying the following percentages of the United States duty:

(1) **July 4 to December** 31, 1954.—During the period from July 4, 1954, to December 31, 1954, both dates inclusive, 5 per centum.

(2) **Calendar year** 1955.—During the calendar year 1955, 10 per centum.

(3) **Calendar years** 1956-1972.—During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by 5 per centum of the United States duty.

(4) **Percentage After** 1972.—During the period from January 1, 1973, to July 3, 1974, both dates inclusive, 100 per centum.

(5) Exceptions To Above Rules.—The provisions of this subsection shall not be applicable to the classes of articles referred to in section 214 (a) of Part 2 of this title (relating to quotas).

(b) Period After July 3, 1974.—The ordinary customs duty to be collected on Philippine articles which after July 3, 1974, are entered, or withdrawn from warehouse, in the United States for consumption, shall be determined without regard to the provisions of subsection (a) of this section or of section 214.

Sec. 203. CUSTOMS DUTIES OTHER THAN ORDINARY.

Customs duties on Philippine articles, other than ordinary customs duties, shall be determined without regard to the provisions of sections 201 and 202 (a), but shall be subject to the provisions of section 204.

Sec. 204. EQUALITY IN SPECIAL IMPORT DUTIES, ETC.

(a) With respect to Philippine articles imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes or ordinary customs duties.

Sec. 205. EQUALITY IN DUTIES ON PRODUCTS OF PHILIPPINES.

(a) With respect to products of the Philippines, which do not come within the definition of Philippine articles, imported into the United States, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country (except Cuba), or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country (except Cuba).

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

Part 2—Quotas

Sec. 211. ABSOLUTE QUOTA ON SUGARS.

(a) **Definition of Philippine Sugars.**—For the purpose of this section, an article shall not be considered "Philippine sugars" unless it is a Philippine article.

(b) **Definition of Refined Sugars.**—As used in this section the term "refined sugars" has the same meaning as the term "direct-consumption sugar" as defined in section 101 of the Sugar Act of 1937.

(c) **Amount of Quota.**—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine sugars which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed 952,000 short tons (the equivalent of 850,000 long tons), of which not to exceed 56,000 short tons (the equivalent of 50,000 long tons) may be refined sugars; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 476,000 short tons (the equivalent of 425,000 long tons), of which not to exceed 28,000 short tons (the equivalent of 25,000 long tons) may be refined sugars

(d) **Allocation of Quotas for Unrefined Sugars.**—The quota for unrefined sugars, including that required to manufacture the refined sugars, established by this section, shall be allocated annually to the sugar-producing mills and plantation owners in the Philippines in the calendar year 1940 whose sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of their average annual production (or in the case of such a successor in interest, the average annual production of his predecessor in interest) for the calendar years 1931, 1932, and 1933, and the amount of sugars which may be so exported shall be allocated in each year between each mill and the plantation owners on the basis of the proportion of sugars to which each mill and the plantation owners are respectively entitled, in accordance with any milling agreements between them, or any extension, modification, or renewal thereof.

(e) **Allocation or Quotas for Refined Sugars.**—The quota for refined sugars established by this section shall be allocated annually to the manufacturers of refined sugars in the Philippines in the calendar year 1940 whose refined sugars were exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of refined sugars produced by each such manufacturer (or in the case of such successor in interest, the amount of refined sugars produced by his predecessor in interest) which was exported to the United States during the calendar year 1940.

Sec. 212. ABSOLUTE QUOTA ON CORDAGE.

(a) **Definition of "Cordage".**— As used in this section the term "cordage" includes yarns, twines (including binding twine described in paragraph 1622 of the Tariff Act of 1930, as amended), cords, cordage, rope, and cable, tarred or untarred, wholly or in chief value of Manila (abaca) or other hard fiber.

(b) **Definition of "Philippine Cordage".**—For the purpose of this section, an article shall not be considered "Philippine cordage" unless it is a product of the Philippines.

(c) **Amount of Quota.**—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine cordage which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed 6,000,000 pounds; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 3,000,000 pounds.

(d) **Allocation of Quotas.**—The quota for cordage established by this section shall be allocated annually to the manufacturers of cordage in the Philippines in the calendar year 1940 whose cordage was exported to the United States during such calendar year, or their successors in interest, proportionately on the basis of the amount of cordage produced by each

such manufacturer (or in the case of such successor in interest, the amount of the cordage produced by his predecessor in interest) which was exported to the United States during the twelve months immediately preceding the inauguration of the Commonwealth of the Philippines.

Sec. 213. ABSOLUTE QUOTA ON RICE.

(a) **Definition of Rice.**—As used in this section the term "rice" includes rice meal, flour, polish, and bran.

(b) **Definition of Philippine Rice.**—For the purposes of this section, an article shall not be considered "Philippine rice" unless it is a Philippine article.

(c) **Amount of Quota.**—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of all Philippine rice which, in any calendar year may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed 1,040,000 pounds; except that during the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed 520,000 pounds.

Sec. 214. ABSOLUTE AND DUTY-FREE QUOTAS ON CERTAIN ARTICLES.

(a) Absolute Quotas.—

Amount of Quota.—During the period from January 1, 1946, to July 3, 1974, both dates inclusive, the total amount of the following articles which are Philippine articles, and which, in any calendar year, may be entered, or withdrawn from warehouse, in the United States for consumption, shall not exceed the amounts specified as to each:

(1) Cigars (exclusive of cigarettes, cheroots of all kinds, and paper cigars and cigarettes, including wrappers), two hundred million cigars;

(2) Scrap tobacco, and stemm and unstemmed filler tobacco described in paragraph 602 of the Tariff Act of 1930, as amended, six million five hundred thousand pounds;

(3) Coconut oil, two hundred thousand long tons; and

(4) Buttons of pearl or shell, eight hundred and fifty thousand gross.

During the period from January 1, 1974, to July 3, 1974, both dates inclusive, such total amount shall not exceed one-half of the amount above specified with respect to each class of articles, respectively.

(b) Duty-Free Quotas.—

(1) **In General.**—Philippine articles falling within one of the classes specified in subsection (a) of this section, which during the period from January 1, 1946, to July 3, 1974, both dates inclusive, are en-

tered, or withdrawn from warehouse, in the United States for consumption, shall be free of ordinary customs duty, in the quantities and for the periods set forth in the following table:

PERIODS [Calendar Year]	AMOUNT OF DUTY-FREE QUOTAS			
	Cigars Referred to in subsection (a) (1) [Number]	Tobacco Referred to in subsection (a) (2) [Pounds]	Coconut Oil [Long Tons]	Buttons of Pearl or Shell [Gross]
Each of Calendar Years 1946–1954	200,000,000	6,500,000	200,000	850,000
1955	190,000,000	6,175,000	190,000	807,500
1956	180,000,000	5,850,000	180,000	765,000
1957	170,000,000	5,525,000	170,000	722,500
1958	160,000,000	5,200,000	160,000	680,000
1959	150,000,000	4,875,000	150,000	637,500
1960	140,000,000	4,550,000	140,000	595,000
1961	130,000,000	4,225,000	130,000	552,500
1962	120,000,000	3,900,000	120,000	510,000
1963	110,000,000	3,575,000	110,000	467,500
1964	100,000,000	3,250,000	100,000	425,000
1965	90,000,000	2,925,000	90,000	382,500
1966	80,000,000	2,600,000	80,000	340,000
1967	70,000,000	2,275,000	70,000	297,500
1968	60,000,000	1,950,000	60,000	255,000
1969	50,000,000	1,625,000	50,000	212,500
1970	40,000,000	1,300,000	40,000	170,000
1971	30,000,000	975,000	30,000	127,500
1972	20,000,000	650,000	20,000	85,000
1973	10,000,000	825,000	10,000	42,500
1974	0	0	0	0

(2) **Duty on Imports in Excess of Duty-Free Quota.**—Any such Philippine article so entered or withdrawn from warehouse in excess of the duty-free quota provided in paragraph (1) shall be subject to 100 per centum of the United States duty, despite the provisions of section 202 of this title (which provides rates of less than 100 per centum of the United States duty with respect to Philippine articles). Nothing in this subsection shall be construed as enlarging the absolute quotas provided in subsection (a) of this section.

(c) **Allocations of Quotas.**—Each of the quotas established by this section shall be allocated annually to the manufacturers in the Philippines in the calendar year 1940 of products of a class for which such quota is established, and whose products of such class were exported to the United States during such year, or their successors in interest, proportionately on the basis of the amount of the products of such produced by each such manufacturer (or in the case of such successor in interest, the amount of the products of such class produced by his predecessor in interest) which was exported to the United States during the calendar year 1940.

SEC. 215. LAWS PUTTING INTO EFFECT ALLOCATIONS OF QUOTAS

The necessary laws and regulations for putting into effect the allocation of quotas on the basis provided for in sections 211, 212, and 214, respectively, shall not be enacted by the United States, it being the purpose

of this title that such laws and regulations shall be enacted by the Philippines.

SEC. 216. TRANSFERS AND ASSIGNMENTS OF QUOTA ALLOTMENTS.

The holder of any allotment under existing law, including his successor in interest, and the holder of any allotment under any of the quotas established by sections 211, 212, or 214, may transfer or assign all or any amount of such allotment on such terms as may be agreeable to the parties in interest. If, after the first nine months of any calendar year, the holder of any allotment, for that year, under any of the quotas established by such sections, is or will be unable for any reason to export to the United States all of his allotment, in time to fullfill the quota for that year, that amount of such allotment which it is established by sufficient evidence cannot be so exported during the remainder of the calendar year may be apportioned by the Philippine Government to other holders of allotments under the same quota, or in such other manner as will insure the fulfillment of the quota for that year: **Provided,** That no transfer or assignment or reallocation under the provisions of this section shall diminish the allotment to which the holder may be entitled in any subsequent calendar year.

Part 3—Internal Taxes

SEC. 221 EQUALITY IN INTERNAL TAXES.

(a) With respect to articles which are products of the Philipines coming into the United States, or with respect to articles manufactured in the United States wholly or in part from such articles, no internal tax shall be—

(1) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the United States, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(2) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(b) Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the United States, or (2) with respect to materials used in the production of a like article which is the product of the United States, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the Philippines is not in excess of that permitted by paragraph (2) of subsection (a) such collection and payment shall not be regarded as in violation of subsection (a).

(c) This section shall not apply to the taxes imposed under section 2306, 2327, or 2356 of the Internal Revenue Code.

SEC. 222. EXEMPTION FROM TAX OF MANILA FIBER.

No processing tax or other internal tax shall be imposed or collected in the United States with respect to manila (abaca) fiber not dressed or manufactured in any manner.

SEC. 223. PROHIBITION OF EXPORT TAXES.

No export tax shall be imposed or collected by the United States on articles exported to the Philipines.

SEC. 224. EXEMPTION FROM TAXES OF ARTICLES FOR OFFICIAL USE.

No processing tax or other internal tax shall be imposed or collected in the United States with respect to articles coming into the United States for the official use of the Philippine Government or any department or agency thereof.

Part 4—Immigration

SEC. 231. CERTAIN PHILIPPINE CITIZENS GRANTED NON-QUOTA STATUS.

(a) Any citizen of the Philippines who actually resided in the United States for a continuous period of three years during the period of forty-two months ending November 30, 1941, if entering the United States during the period from July 4, 1946, to July 3, 1951, both dates inclusive, for the purpose of resuming residence in the United States, shall, for the purposes of the immigration laws, be considered a non-quota immigrant; and shall not be excluded from entry into the United States by reason of section 13 (c) of the Immigration Act of 1924, or by reason of so much of section 3 of the Immigration Act of 1917 as provides for the exclusion from admission into the United States of natives of a therein specified geographical area.

(b) After such admission as a non-quota immigrant he shall, for the purposes of the immigration and naturalization laws, be considered as lawfully admitted to the United States for permanent residence.

(c) The benefits of this section shall also apply to his wife, if a citizen of the Philippines or eligible to United States citizenship, and to his unmarried children under 18 years of age, if such wife or children are accompanying or following to join him during such period.

(d) This section shall not apply to a citizen of the Philippines admitted to the Territory of Hawaii, without an immigration or passport visa, under the provisions of paragraph (1) of section 8 (a) of the Act of March 24, 1934 (48 Stat. 456, ch. 84).

TITLE III—OBLIGATIONS OF PHILIPPINES

Part 1—Purposes of Title

SEC. 301. STATEMENT OF PURPOSES OF TITLE.

(a) Period Until July 4, 1946.—The following Parts and sections of this title, insofar as they are applicable to the period from the date of the enactment of this Act to July 3, 1946, both dates inclusive, are intended to, and shall, operate as statutes of the United States, binding on one of its possessions.

(b) Period July 4, 1946—July 3, 1974.—The following Parts and sections of this title, although expressed in statutory form, are not in any manner intended, insofar as they are applicable to the period after July 3, 1946, as an attempt on the part of the Congress of the United States to legislate for the Republic of the Philippines as a sovereign nation, but constitute a statement in precise terms of provisions—

(1) which the Government of the Philippines, on the taking effect of the executive agreement provided for in Title IV of this Act, will be obligated to observe and execute as the law of the Republic of the Philippines during the effectiveness of the agreement; except that the observance of such part of the provisions of section 341 as is in conflict with the Constitution of the Philippines will not be required under such agreement for the period prior to the amendment to the constitution referred to in section 402 (b); and

(2) which, between the proclamation of the independence of the Philippines and the date of the taking effect of such executive agreement, will, according to the policy and expectations of the Congress of the United States, be observed and executed by the Government of the Philippines.

Part 2—Customs Duties

SEC. 311. FREE ENTRY OF UNITED STATES ARTICLES.

During the period from the day after the date of the enactment of this Act to July 3, 1954, both dates inclusive, United States articles entered, or withdrawn from warehouse, in the Philippines for consumption shall be admitted into the Philippines free of ordinary customs duty.

SEC. 312. ORDINARY CUSTOMS DUTIES ON UNITED STATES ARTICLES.

(a) July 4, 1954—July 3, 1974.—The ordinary customs duty to be collected on United States articles, which during the following portions of the period from July 4, 1954, to July 3, 1974, both dates inclusive, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined by applying the following percentages of the Philippine duty:

(1) July 4, to December 31, 1954.—During the period from July 4, 1954, to December 31, 1954, both dates inclusive, 5 per centum.

(2) Calendar Year 1955—During the calendar year 1955, 10 per centum.

(3) Calendar Years 1956—1972.—During each calendar year after the calendar year 1955 until and including the calendar year 1972, a percentage equal to the percentage for the preceding calendar year increased by 5 per centum of the Philippine duty.

(4) Percentage after 1972.—During the period from January 1, 1973, to July 3, 1974, both dates inclusive, 100 per centum.

(b) Period After July 3, 1974.—The ordinary customs duty to be collected on United States articles which after July 3, 1974, are entered, or withdrawn from warehouse, in the Philippines for consumption, shall be determined without regard to the provisions of subsection (a) of this section.

SEC. 313. CUSTOMS DUTIES OTHER THAN ORDINARY.

Customs duties on United States articles, other than ordinary customs duties, shall be determined without regard to the provisions of sections 311 and 312 (a), but shall be subject to the provisions of section 314.

SEC. 314. EQUALITY IN SPECIAL IMPORT DUTIES, ETC.

(a) With respect to United States articles imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles.

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes or ordinary customs duties.

SEC. 315. EQUALITY IN DUTIES ON PRODUCTS OF UNITED STATES

(a) With respect to products of the United States, which do not come within the definition of United States articles, imported into the Philippines, no duty on or in connection with importation shall be collected or paid in an amount in excess of the duty imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the duty is not imposed with respect to such like articles which are the product of any other foreign country.

(b) As used in this section the term "duty" includes taxes, fees, charges, or exactions, imposed on or in connection with importation; but does not include internal taxes.

Part 3—Internal Taxes

SEC. 321. EQUALITY IN INTERNAL TAXES.

(a) With respect to articles which are products of the United States coming into the Philippines, or with respect to articles manufactured in the Philippines wholly or in part from such articles, no internal tax shall be—

(1) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of the Philippines, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles;

(2) collected or paid in an amount in excess of the internal tax imposed with respect to like articles which are the product of any other foreign country, or collected or paid in any amount if the internal tax is not imposed with respect to such like articles.

(b) Where an internal tax is imposed with respect to an article which is the product of a foreign country to compensate for an internal tax imposed (1) with respect to a like article which is the product of the Philippines, or (2) with respect to materials used in the production of a like article which is the product of the Philippines, if the amount of the internal tax which is collected and paid with respect to the article which is the product of the United States is not in excess of that permitted by paragraph (2) of subsection (a) such collection and payment shall not be regarded as in violation of subsection (a).

SEC. 322. PROHIBITION OF EXPORT TAXES.

No export tax shall be imposed or collected by the Philippines on articles exported to the United States.

SEC. 323. EXEMPTION FROM TAXES OF ARTICLES FOR OFFICIAL USE.

No processing tax or other internal tax shall be imposed or collected in the Philippines with respect to articles coming into the Philipines for the official use of the United States Government or any department or agency thereof.

Part 4—Immigration

SEC. 331. CERTAIN UNITED STATES CITIZENS GIVEN NON-QUOTA STATUS.

Any citizen of the United States who actually resided in the Philippines for a continuous period of three years during the period of forty-two months ending November 30, 1941, if entering the Philippines during the period from July 4, 1946, to July 3, 1951, both dates inclusive, for the purpose of resuming residence in the Philippines, shall, for the purposes of the immigration laws, be considered a non-quota immigrant. After such admission as a non-quota immigrant he shall, for the purposes of the immigration and naturalization laws, be considered as lawfully ad-

mitted to the Philippines for permanent residence. The benefits of this section shall also apply to his wife, if a citizen of the United States, and to his unmarried children under 18 years of age, if such wife or children are accompanying or following to join him during such period.

SEC.332. IMMIGRATION OF UNITED STATES CITIZENS INTO THE PHILIPPINES

Citizens of the United States, admissible to the Philipines under the provisions required by section 402 (e) to be included as a part of the executive agreement made under Title IV, shall be entitled to enter the Philippines, in the numbers and during the periods of years, and to remain therein for the time, specified in that part of the agreement which embodies the provisions of section 402 (e).

Part 5—Miscellaneous

SEC. 341. RIGHTS OF UNITED STATES CITIZENS AND BUSINESS ENTERPRISES IN NATURAL RESOURCES

The disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by United States citizens.

SEC. 342. CURRENCY STABILIZATION.

The value of Philippine currency in relation to the United States dollar shall not be changed, the convertibility of pesos into dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States.

SEC. 343. ALLOCATION OF QUOTAS.

The allocation, reallocation, transfer, and assignment of quotas established by sections 211, 212, and 214, respectively, of Part 2 of Title II, shall be on the basis provided for in such Part.

TITLE IV—EXECUTIVE AGREEMENT BETWEEN UNITED STATES AND PHILIPPINES

SEC. 401. AUTHORIZATION OF AGREEMENT.

The President of the United States is authorized (except as hereinafter in this title otherwise provided) to enter into an executive agreement with the President of the Philippines providing for the acceptance on the part of each country of the provisions of Title II and of Title III (except Part 1) of this Act. The President of the United States is not authorized by this section to enter into such agreement unless it contains a provision that it shall not take effect—

(a) Unless and until the Congress of the Philippines accepts it by law; and

(b) Unless and until the Congress of the Philippines (in the act of acceptance, or separately) has enacted such legislation as may be necessary to make all the provisions of Parts 2, 3, 4, and 5 of Title III take effect as laws of the Philippines, except (during the period prior to the amendment to the Constitution of the Philippines referred to in subsection (b) of section 402) such provisions of section 341 as are in conflict with such constitution.

SEC. 402. OBLIGATIONS OF PHILIPPINES.

The President of the United States is not authorized by section 401 to enter into such executive agreement unless in the agreement the Government of the Philipines agrees—

(a) That the Republic of the Philippines will continue in effect as laws of the Philippines, during the effectiveness of the agreement, the provisions of Parts 2, 3, 4, and 5 of Title III, except (for the period prior to the amendment of the Constitution of the Philippines referred to in subsection (b) of this section) such part of the provisions of section 341 as is in conflict with such constitution.

(b) That the Government of the Philippines will promptly take such steps as are necessary to secure the amendment of the Constitution of the Philippines so as to permit the taking effect as laws of the Philippines of such part of the provisions of section 341 as is in conflict with such constitution before such amendment.

(c) That the Republic of the Philippines will promptly enact, and keep in effect during the effectiveness of the agreement, such legislation as may be necessary—

(1) to supplement the legislation referred to in section 401 (b), and to implement the provisions of Parts 2, 3, 4, and 5 of Title III; and

(2) to put and keep in effect during the effectiveness of the agreement, the allocation, reallocation, transfer, and assignment of quotas on the basis provided for in Part 2 of Title II.

(d) That the United States shall have the right to provide the basis for the allocation of the quotas established under that portion of the agreement which sets forth the provisions of section 403 (c) of this Act, and that, if the United States exercises such right, the Republic of the Philippines will promptly enact, and keep in force during the period of which each such quota is established, such legislation as is necessary to put and keep in effect, on the basis provided by the United States, the allocation of such quotas.

(e) That there shall be permitted to enter the Philippines, without regard to any numerical limitations under the laws of the Philippines, in each of the years of a specified period of years, a specified number

of citizens of the United States. The number of years (which shall not be less than five) the number of citizens of the United States (which shall not be less than one thousand) entitled to be so admitted in each year, and the length of time each shall be entitled to remain in the Philippines, shall be stated in the agreement.

(f) That the value of Philippine currency in relation to the United States dollar shall not be changed, the convertibility of pesos into dollars shall not be suspended, and no restrictions shall be imposed on the transfer of funds from the Philippines to the United States, except by agreement with the President of the United States.

SEC. 403. OBLIGATIONS OF UNITED STATES.

The President of the United States is not authorized by section 401 to enter into such executive agreement unless in such agreement the Government of the United States agrees—

(a) That upon the taking effect of the agreement the provisions of Title II—

(1) if in effect as laws of the United States at the time the agreement takes effect, shall continue in effect as laws of the United States during the effectiveness of the agreement; or

(2) if not so in effect at the time the agreement takes effect (because suspended under section 502 of Title V) shall take effect and continue in effect as laws of the United States during the effectiveness of the agreement.

(b) That the United States will promptly enact, and keep in effect during the effectiveness of the agreement, such legislation as may be necessary to supplement and implement the provisions of Title II so continued in effect, or so made to take effect, as laws of the United States.

(c) That with respect to quotas on Philippine articles (other than the quotas established in Part 2 of Title II, and other than quotas established in conjunction with quantitative limitations, applicable to products of all foreign countries, on imports of like articles), the United States will not establish any such quota for any period before January 1, 1948; and that, for any part of the period from January 1, 1948, to July 3, 1974, both dates inclusive, it will establish such a quota only if—

(1) the President of the United States, after investigation, finds that such Philippine articles are coming, or are likely to come, into substantial competition with like articles the product of the United States; and

(2) the quota established for any Philippine article for any twelve-month period is not less than the amount determined by the President as the total amount of Philippine articles of such class which (during the twelve months ended on the last day of the month preceding the month in which occurs the date proclaimed by the President as the date of the beginning of the investigation) was entered, or

withdrawn from warehouse, in the United States for consumption; or, if the quota is established for any period other than a twelve-month period, is not less than a proportionate amount.

(d) That during the effectiveness of the agreement the United States will not reduce the preference of 2 cents per pound provided in section 2470 of the Internal Revenue Code (relating to processing taxes on coconut oil, etc.) with respect to articles "wholly the production of the Philippine Islands" or articles "produced wholly from materials the growth or production of the Philippines Islands"; except that it may suspend the provisions of subsection (a) (2) of such section during any period as to which the President of the United States, after consultation with the President of the Philipines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philipines, are readily available for processing in the United States.

SEC. 404. TERMINATION OF AGREEMENT.

The President of the United States is not authorized by section 401 to enter into such executive agreement unless it provides—

(a) Termination in General.—That the agreement shall have no effect after July 3, 1974; and

(b) Termination by Either Party.—

(1) that the agreement may be terminated by either party at any time, upon not less than five years' notice; and

(2) that if the President of the United States or the President of the Philippines determines and proclaims that the other country has adopted or applied measures or practices which would operate to nullify or impair any right or obligation provided for in such agreement, then the agreement may be terminated upon not less than six months' notice; and

(c) Termination or Suspension by the United States.—

(1) that if the President of the United States determines that a reasonable time for the making of the amendment to the Constitution of the Philippines referred to in section 402 (b) has elapsed, but that such amendment has not been made, he shall so proclaim and the executive agreement shall have no effect after the date of such proclamation; and

(2) that if the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the Republic of the Philippines or any of its political subdivisions or the Philippine Government is in any manner discriminating against citizens of the United States or any form of United States business enterprise, then the United States shall have the right to suspend the effectiveness of the whole or any portion of the agreement; and

(3) that if the President of the United States determines and proclaims, after consultation with the President of the Philippines, that the discrimination which was the basis for the suspension under paragraph (2) of this subsection—

(A) has ceased, the suspension effected under paragraph (2) shall end; or

(B) has not ceased after the lapse of a time determined by the President of the United States to be reasonable, then the United States shall have the right to terminate the agreement upon not less than six months' notice.

SEC. 405. EFFECT OF TERMINATION OF AGREEMENT.

Upon the termination of the agreement as provided in section 404, the provisions of Title II shall cease to have effect as laws of the United States.

SEC. 406. INTERPRETATION OF AGREEMENT.

The President of the United States is not authorized by section 401 to enter into such executive agreement unless it provides that the acceptance of the provisions of Titles II and III is on the understanding that the definitions, and provisions in the nature of definitions, contained in section 2 of Title I shall apply in the interpretation of the provisions so accepted.

SEC. 407. TERMINATION OF AUTHORITY TO MAKE AGREEMENT.

Whenever the President of the United States determines that a reasonable time for the entering into, acceptance and taking effect, of the executive agreement has elapsed, but that such agreement has not taken effect, he shall so proclaim, and thereupon his authority to enter into such executive agreement shall terminate, and the provisions of Title II shall cease to have effect as laws of the United States.

SEC. 408. EFFECTIVE DATE OF AGREEMENT.

When the President of the United States determines that the executive agreement entered into under section 401 has been accepted by the Congress of the Philippines by law and that the Congress of the Philippines has enacted the legislation the enactment of which is, under section 401, a condition precedent to the taking effect of the agreement, he shall so proclaim, and in his proclamation specify the effective date of the agreement.

TITLE V—MISCELLANEOUS

SEC. 501. SUSPENSION AND TERMINATION OF AGREEMENT IN CASE OF DISCRIMINATION.

(a) Suspension.—If the President of the United States determines, after consultation with the President of the Philippines, that the Republic of the Philippines or any of its political subdivisions or the Phlippine Government is in any manner discriminating against citizens of the United States or any form of United States business enterprise, he shall so proclaim, and thereupon the effectiveness of the agreement, or such part thereof as he may in the proclamation specify as necessary in order adequately to protect the interests of the United States, shall be suspended.

(b) Termination of Suspension.—If the President of the United States, after consultation with the President of the Philipines, determines that the discrimination which was the basis for the suspension under subsection (a) of this section has ceased, he shall so proclaim, and thereupon the suspension effected under subsection (a) shall end.

(c) Termination of Agreement.—If the President of the United States, after consultation with the President of the Philipines, determines that such discrimination has not ceased, after the lapse of a time determined by him to be reasonable, he shall so proclaim and give to the Philippine Government notice of the intention of the United States to terminate the agreement.

(d)Laws of the United States.—

(1) In Case of Suspension.—If the effectiveness of the agreement is suspended under subsection (a) of this section, the provisions of Title II of this Act shall cease to have effect as laws of the United States during the period of the suspension. If the suspension is of the effectiveness of only part of the agreement, then such provisions of Title II as the President may in his proclamation under subsection (a) specify as necessary adequately to protect the interests of the United States, shall cease to have effect as laws of the United States during the period of this suspension.

(2) In Case of Termination.—If the agreement is terminated under subsection (c) of this section, the provisions of Title II of this Act shall cease to have effect as laws of the United States.

SEC. 502. SUSPENSION OF TITLE II.

If the President finds that, during the period after July 3, 1946, and before the taking effect of the executive agreement provided for in Title IV, the Government of the Philippines is not putting into effect, or making every effort to put into effect, to the fullest extent possible under its Constitution, the provisions of Title III of this Act, or is not providing for the allocation of quotas on the basis provided in sections 211, 212, or 214, respectively, he shall so proclaim. On that day following the date of such proclamation, such provisions of Title II shall be suspended as he may in the proclamation specify as necessary in order adequately to protect the interest of the United States. Such suspension shall continue until the taking effect of the executive agreement provided for in Title IV, whereupon the suspension shall terminate and the suspended provisions shall again take effect and continue in effect as laws of the United States during the effectiveness of the agreement.

SEC. 503. CUSTOMS DUTIES ON IMPORTATIONS FROM PHILIPPINES

Articles coming or imported into the United States from the Philipines, and Philippine products coming or imported into the United States, shall, except as otherwise provided with respect to Philipine articles by Title II of this Act during the period such title is in effect—

(1) if entered, or withdrawn from warehouse, in the United States for consumption, during the period from the day after the date of

the enactment of this Act to July 3, 1946, both dates inclusive, be subject to the same duties as like articles coming or imported into the United States from foreign countries, except Cuba; and

(2) if so entered or withdrawn during the period after July 3, 1946, be subject to the same duties as like articles coming or imported into the United States from other foreign countries, except Cuba.

SEC. 504. QUOTAS ON PHILIPPINE ARTICLES.

(a) Establishment by President.—After the executive agreement referred to in Title IV has taken effect, then whenever the President of the United States, after the investigation by the United States Tariff Commission provided for in subsection (d), finds, with respect to any Philippines articles (other than those for which quotas are established by Part 2 of Title II), that they are coming, or likely to come, into substantial competition with like articles which are the product of the United States, he shall so proclaim, and in his proclamation shall establish the total amount of such Philippine articles which may in each of specified periods be entered, or withdrawn from warehouse, in the United States for consumption. If he finds that the allocation of any quota so established is necessary to make the application of the quota just and reasonable between the United States and the Philippines, he shall, in such proclamation or a subsequent proclamation, provide the basis for such allocation.

(b) Maximum and Minimum Quotas.—No quota shall be established under subsection (a), with respect to a Philippine article, which is greater than the amount of such article which in each of such specified periods the President determines may be so entered or withdrawn from warehouse without coming into substantial competition with like articles which are the product of the United States; except that in no case shall the quota be less than the minimum amount provided in that portion of such executive agreement which sets forth the provisions of section 403 (c) (2) of this Act.

(c) Duration of Quotas.—Any quota established pursuant to this section shall become effective at such time as the President shall designate (but not before January 1, 1948), and shall continue in effect until the President, after investigation, finds and proclaims that the conditions which gave rise to the establishment of such quota no longer exist, but no such quota shall continue in effect after the termination of the executive agreement provided for in Title IV.

(d) Investigation by Tariff Commission.—The United States Tariff Commission shall at the request of the President, upon resolution of either House of Congress or concurrent resolution of both Houses of Congress, upon its own motion, or when in its judgement there is good reason therefor, upon application of any interested party, make an investigation to ascertain (1) whether imports of a Philippine article (other than an article for which a quota is established by Part 2 of Title II) are coming, or are likely to come, into substantial competition with like articles which are the product of the United States; (2) what is the

greatest amount of such article which may be entered, or withdrawn from warehouse, in the United States for consumption, without coming into substantial competition with like articles which are the product of the United States; and (3) the total amount of such article which (during the twelve months ended on the last day of the month preceding the month in which occurs the date of the beginning of the investigation) was entered, or withdrawn from warehouse, in the United States for consumption. During the course of the investigation the Commission shall hold a public hearing, of which reasonable public notice shall be given and at which parties interested shall be afforded reasonable opportunity to be present, to produce evidence, and to be heard. The Commission shall give precedence to such investigations. The Commissions shall report the results of its investigations to the President, and shall send copies of such report to each House of the Congress.

SEC. 505. PROCESSING TAX ON COCONUT OIL.

(a) Exemption for Philippines.—Section 2470 (a) (2) of the Internal Revenue Code is amended by striking out the word "other" wherever it appears in clauses (A) and (B) thereof; and by inserting at the end of the paragraph a new sentence to read as follows: "The tax imposed by this paragraph shall not apply to any domestic processing after July 3, 1974."

(b) Suspension of Section 2470 (a) (2) of Internal Revenue Code.—Whenever the President, after consultation with the President of the Philippines, finds that adequate supplies of neither copra nor coconut oil, the product of the Philipines, are readily available for processing in the United States, he shall so proclaim, and after the date of such proclamation the provisions of section 2470 (a) (2) of the Internal Revenue Code shall be suspended until the expiration of 30 days after he proclaims that, after consultation with the President of the Philippines, he has found that such adequate supplies are so readily available.

SEC. 506. TERMINATION OF PAYMENTS INTO PHILIPPINE TREASURY.

(a) Notwithstanding the provisions of section 4 of the Act of March 8, 1902 (32 Stat. 54, ch. 140), or of section 19 of the Act of March 24, 1934 (48 Stat. 456, ch. 84), as added to such Act by section 6 of the Act of August 7, 1939 (53 Stat. 1232, ch. 502) or of the Act of November 8, 1945 (59 Stat. 577, ch. 454) or of any other provision of law, the proceeds of any duties or taxes, collected subsequent to July 3, 1946, which but for the enactment of this Act would be required to be paid into the general funds of the Treasury of the Philipines or would be held in separate or special funds and paid into the Treasury of the Philippines, shall be covered into the general fund of the Treasury of the United States.

(b) Sections 2476 and 3343 of the Internal Revenue Code are repealed, effective July 4, 1946.

SEC. 507. SPECIAL EXCISE PROVISIONS RELATING TO THE PHILIPPINES REPEALED.

(a) Section 2800 (a) (4) of the Internal Revenue Code is amended by amending the heading to read:

"(4) Alcoholic Compounds from Puerto Rico and Virgin Islands.—";
and by amending subparagraph (B) to read as follows:

"(B) Virgin Islands.—For provisions relating to tax on alcoholic compounds from the Virgin Islands, see section 3350."

(b) Sections 3340, 3341, and 3342 of the Internal Revenue Code are repealed, effective July 4, 1946.

(c) Subchapter B of Chapter 28 of the Internal Revenue Code is amended as follows:

(1) By amending the heading of such subchapter to read as follows:

"SUBCHAPTER B—PROVISIONS OF SPECIAL APPLICATION TO THE VIRGIN ISLANDS AND PUERTO RICO

(2) By striking out the heading:

"Part I—Philippine Islands"

(3) By renumbering Parts II and III of such subchapter as "Part I" and "Part II", respectively.

SEC. 508. TRADE AGREEMENTS WITH THE PHILIPPINES.

Until July 4, 1974, no trade agreement shall be made with the Philippines under section 350, as amended, of the Tariff Act of 1930, unless, prior to such time, the President of the United States has made the proclamation provided for in section 407 of this Act, or the executive agreement provided for in Title IV of this Act has been terminated.

SEC. 509. RIGHTS OF THIRD COUNTRIES.

The benefits granted by this Act, and by the executive agreement provided for in Title IV, to the Philipines, Philippine articles or products, and Philippine citizens, shall not, by reason of any provision of any existing treaty or agreement with any third country, be extended to such country or its products, citizens, or subjects.

SEC. 510. ADMINISTRATION OF TITLE II.

(a) The provisions of Parts 1, 2, and 3 of Title II shall be administered as parts of the customs and internal revenue laws of the United States.

(b) The Provisions of Part 4 of Title II shall be administered as a part of the immigration laws of the United States.

SEC. 511 REPEALS.

The following parts of Acts are repealed, effective on the day following the date of the enactment of this Act:

(1) section 301 of the Tariff Act of 1930;

(2) section 6 (except subsection (g) of the Act of March 24, 1934

(48 Stat. 456, ch. 84), as amended by the Act of August 7, 1939 (53 Stat. 1226, ch. 502); and

(3) so much of section 13 of such Act of March 24, 1934, as amended by the joint resolution of June 29, 1944 (58 Stat. 626, ch. 323), as reads as follows: "After the Philipine Islands have become a free and independent nation there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from other foreign countries."

SEC. 512. EFFECTIVE DATE.

This Act shall take effect on the day after the date of its enatcment, except Part 2 of Title II, which shall take effect as of January 1, 1946.

SEC. 513. APPLICATION OF INTERNAL REVENUE LAWS TO PUERTO RICO.

Section 9 of the Act of March 2, 1917 (39 Stat. 951, ch. 145) is amended to read as follows:

"Sec. 9. That the statutory laws of the United States not locally inapplicable except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Puerto Rico as in the United States, except the internal revenue laws other than those contained in the Philippine Trade Act of 1946: *Provided, however*, That hereafter all taxes collected under the internal revenue laws of the United States on articles produced in Puerto Rico and transported to the United States, or consumed in the island shall be covered into the Treasury of Puerto Rico."

Approved April 30, 1946.

APPENDIX "B"

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
First Session

[RESOLUTION OF BOTH HOUSES]

RESOLUTION OF BOTH HOUSES PROPOSING AN AMENDMENT TO THE CONSTITUTION OF THE PHILIPPINES TO BE APPENDED AS AN ORDINANCE THERETO.

Resolved by the Senate and House of Representatives of the Philippines in joint session assembled, by a vote of not less than three-fourths of all the Members of each House voting separately, To propose, as they do hereby propose, the following amendment to the Constitution of the Philippines to be appended as an Ordinance thereto:

ORDINANCE APPENDED TO THE CONSTITUTION

"Notwithstanding the provisions of section one, Article Thirteen, and section eight, Article Fourteen, of the foregoing Constitution, during the effectivity of the Executive Agreement entered into by the President of the Philippines with the President of the United States on the fourth of July, nineteen hundred and forty-six, pursuant to the provisions of Commonwealth Act Numbered Seven hundred and thirty-three, but in no case to extend beyond the third of July, nineteen hundred and seventy-four, the disposition, exploitation, development, and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy, and other natural resources of the Philippines, and the operation of public utilities, shall, if open to any person, be open to citizens of the United States and to all forms of business enterprise owned or controlled, directly or indirectly, by citizens of the United States in the same manner as to, and under the same conditions imposed upon, citizens of the Philippines or corporations or associations owned or controlled by citizens of the Philippines."

This amendment shall be valid as a part of the Constitution when approved by a majority of the votes cast in an election at which it is submitted to the people for their ratification pursuant to Article XV of the Constitution.

Adopted September 18,1946

APPENDIX "C"

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
Special Session

H. No. 694
S. No. 102

REPUBLIC ACT No. 73

AN ACT TO SUBMIT TO THE FILIPINO PEOPLE, FOR APPROVAL OR DISAPPROVAL, THE AMENDMENT TO THE CONSTITUTION OF THE PHILIPPINES TO BE APENDED AS AN ORDINANCE THERETO. PROPOSED BY THE CONGRESS OF THE PHILIPPINES IN A RESOLUTION OF BOTH HOUSES, ADOPTED ON SEPTEMBER EIGHTEEN. NINETEEN HUNDRED AND FORTY-SIX, AND TO APPROPRIATE FUNDS THEREFOR.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

Section 1. The amendment to the Constitution of the Philippines to be appended as an Ordinance thereto, proposed by the Congress of the Philippines in a Resolution of Both Houses, adopted on September eighteen, nineteen hundred and forty-six, shall be submitted to the people, for approval or disapproval, at a general election which shall be held on March eleven, nineteen hundred and forty-seven, in accordance with the provisions of this Act.

Section 2. The said amendment shall be published in English and Spanish in three consecutive issues of the Official Gazette at least twenty days prior to the election. A printed copy thereof shall be posted in a conspicuous place in every municipal, city and provincial government office building and in every polling place not later than February eleven, nineteen hundred and forty-seven, and shall remain posted therein until after the election. At least, ten copies of the said amendment shall be kept in each polling place to be made available for examination by the qualified electors during election day. When practicable, copies in the principal native languages, as may be determined by the Commission on Elections, shall also be kept in each polling place.

Section 3. The provisions of Commonwealth Act Numbered Three Hundred and fifty-seven, otherwise known as the Election Code, and Commonwealth Act Numbered Six hundred and fifty-seven, entitled "An Act to Reorganize the Commission on Elections," in so far as they are not inconsistent herewith, are hereby made applicable to the election provided for in this Act.

Section 4. On or before February one, nineteen hundred and forty seven the Commission on Elections, shall, directly or through its authorized provincial representatives, appoint a board of election inspectors and

a poll clerk. Two inspectors, one of whom shall be chairman of the board and their substitutes, shall be appointed upon the recommendation of the Liberal Nationalist Party; one inspector and his substitute shall be recommended by the Nationalist Party (conservative) and/or political parties coalesced with it in the last national elections; and the poll clerk and his substitute shall be chosen by the Commission on Elections.

Said boards of election inspectors shall meet, for the revision of the list of voters and for the registration of new ones, on February fifteen, nineteen hundred and forty-seven. Each election inspector and poll clerk shall receive five pesos for actual service on such day and ten pesos on election day.

Two watchers may be appointed for each polling place by the national directorates of the existing political parties or their duly authorized representative.

All judicial proceedings for the inclusion or exclusion of voters shall be filed not later than February twenty-one, nineteen hundred and forty-seven and finally decided not later than March four of the same year. The Board of Election inspectors shall make a final revision of the list of voters during the first hours of election day.

Section 5. The ballots which shall be used in the election for the approval or disapproval of said amendment shall be printed in both English and Spanish and shall be in the size and form prescribed by the Commission on Elections; Provided, however, that at the back of said ballot there shall be printed in full the Resolution of Both Houses of Congress adopted on September eighteen, nineteen hundred and forty-six, proposing the amendment: Provided, further, That the questionaire appearing on the face of the ballot shall be as follows:

Are you in favor of the proposed amendment to our Constitution printed at the back of this ballot? Está usted conforme con la enmienda propuesta a nuestra Constitución, que aparece impresa en el dorso de ests balota?	

To vote for the approval of the proposed amendment, the voters shall write the word "Yes" in the blank space after the question; to vote for the rejection thereof, he shall write the word "No".

Section 6. The boards of election inspectors shall prepare and sign four copies of the returns of the election in their respective polling places on a form to be prescribed by the Commission on Elections. One copy shall be deposited in the ballot box for valid ballots, and the three copies shall be delivered to the respective municipal treasurers, who shall immediately forward, by registered mail, one copy to the Commission on Elections, one copy to the Secretary of the Senate, and one copy to the Secretary of the House of Representatives.

Within thirty days after the election, the Senate and House of Representatives shall hold a joint session, canvass the returns, and certify the results thereof.

Section 7. The sum of one million pesos, or so much thereof as may be necessary, is appropriated out of any funds in the National Treasury not otherwise appropriated, for the payment, subject to the approval of the Commission on Elections, of the expenses which may be incurred in the holding of said election, including those for the printing, publication, posting, and free distribution of copies of the amendment, in English and in Spanish, and, whenever practicable, in the principal native languages.

Section 8. This Act shall take effect upon its approval.

Approved, October 21, 1946.

WORKS BY THE SAME AUTHOR

1.—Bar Examination Questions and Answers on the Civil Code (First and Second Edition)

2.—Philippine Law of Evidence

3.—Philippine Law of Waters and Water Rights

4.—Handbook on Election Law

5.—The Law on Oblgations, with Prof. P. Ilagan

6.—The Philippine Language Problem

7.—Philippine Dictatorship Under the Guise of Democracy

8.—Economic Emancipation

9.—The Price of Philippine Independence